

**TOWN OF MADISONVILLE,
LOUISIANA**

Annual Financial Statements

June 30, 2023



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Town as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 9, the budgetary comparison information presented as Schedules I and II, and the required supplementary information under GASB Statement No. 68 presented as Schedules III and IV, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to members of the board of aldermen, the schedule of compensation, benefits, and other payments to agency head, the justice system funding schedule - collecting/disbursing entity - general fund, and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023 on our consideration of the Town'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 solely 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'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's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
November 6, 2023

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

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

As management of the Town of Madisonville, Louisiana (the Town), we offer readers this narrative overview and financial analysis of the financial activities of the Town as of June 30, 2023, and for the year then ended.

Financial Highlights

The Town's assets exceeded its liabilities by \$20,396,629 and \$17,578,687 at June 30, 2023 and 2022, respectively (*net position*). Of this amount, \$5,351,393 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$2,817,942 and \$1,862,086 for the years ended June 30, 2023 and 2022, respectively.

The Town's governmental funds reported combined ending fund balances of \$4,281,330 and \$3,933,003 at June 30, 2023 and 2022, respectively. Combined governmental fund balances increased by \$348,327 and \$2,079,625 for the years ended June 30, 2023 and 2022, respectively.

Overview of Financial Statements

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

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

Government-Wide Financial Statements

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

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

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

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

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

Fund Financial Statements

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

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

Notes to the Financial Statements

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

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

Government-Wide Financial Analysis

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | |
| Current Assets | \$ 4,979,366 | \$ 4,016,365 | \$ 5,626,190 | \$ 4,166,819 | \$ 10,605,556 | \$ 8,183,184 |
| Nondepreciable Capital Assets | 1,349,192 | 981,085 | 199,159 | 547,409 | 1,548,351 | 1,528,494 |
| Depreciable Capital Assets, Net | 6,033,837 | 5,927,200 | 7,273,260 | 6,228,231 | 13,307,097 | 12,155,431 |
| Total Assets | 12,362,395 | 10,924,650 | 13,098,609 | 10,942,459 | 25,461,004 | 21,867,109 |
| Deferred Outflows of Resources | 182,174 | 162,339 | 109,133 | 56,199 | 291,307 | 218,538 |
| Liabilities | | | | | | |
| Current and Other Liabilities | 298,036 | 83,362 | 1,546,249 | 941,835 | 1,844,285 | 1,025,197 |
| Long-Term Liabilities | 470,748 | 309,230 | 2,545,834 | 2,750,216 | 3,016,582 | 3,059,446 |
| Total Liabilities | 768,784 | 392,592 | 4,092,083 | 3,692,051 | 4,860,867 | 4,084,643 |
| Deferred Inflows of Resources | 469,859 | 166,298 | 24,956 | 256,019 | 494,815 | 422,317 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 7,383,029 | 6,908,285 | 5,236,419 | 4,259,640 | 12,619,448 | 11,167,925 |
| Restricted - Sales Tax Usage | 1,325,129 | 1,426,082 | - | - | 1,325,129 | 1,426,082 |
| Restricted - Revenue Bonds | - | - | 1,100,659 | 986,366 | 1,100,659 | 986,366 |
| Unrestricted | 2,597,768 | 2,193,732 | 2,753,625 | 1,804,582 | 5,351,393 | 3,998,314 |
| Total Net Position | \$ 11,305,926 | \$ 10,528,099 | \$ 9,090,703 | \$ 7,050,588 | \$ 20,396,629 | \$ 17,578,687 |

The amount of net investment in capital assets represents 62% of total net position. Net investment in capital assets consists of land, infrastructure, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ - | \$ - | \$ 5,178,326 | \$ 4,685,115 | \$ 5,178,326 | \$ 4,685,115 |
| Operating Grants and Contributions | 267,364 | 553,657 | 11,096 | 11,096 | 278,460 | 564,753 |
| Capital Grants and Contributions | 161,886 | 114,822 | 923,044 | 191,554 | 1,084,930 | 306,376 |
| General Revenues | | | | | | |
| Taxes | 1,971,048 | 1,897,614 | - | - | 1,971,048 | 1,897,614 |
| Licenses and Permits | 261,257 | 219,998 | - | - | 261,257 | 219,998 |
| Fines and Forfeitures | 191,195 | 281,786 | - | - | 191,195 | 281,786 |
| Other Revenue | 186,057 | 198,608 | 16,993 | 14,816 | 203,050 | 213,424 |
| Gain on Sale of Capital Assets | 11,372 | 20,781 | - | - | 11,372 | 20,781 |
| Investment Earnings | 96,867 | 6,301 | 122,224 | 8,509 | 219,091 | 14,810 |
| Total Revenues | 3,147,046 | 3,293,567 | 6,251,683 | 4,911,090 | 9,398,729 | 8,204,657 |
| Expenses | | | | | | |
| Hurricane Recovery | 239,329 | 696,367 | - | - | 239,329 | 696,367 |
| General Government | 669,851 | 570,220 | - | - | 669,851 | 570,220 |
| Public Safety | 570,839 | 596,071 | - | - | 570,839 | 596,071 |
| Public Works | 613,643 | 512,135 | - | - | 613,643 | 512,135 |
| Recreation | 37,600 | 12,233 | - | - | 37,600 | 12,233 |
| Gas | - | - | 3,617,197 | 3,214,920 | 3,617,197 | 3,214,920 |
| Sewer | - | - | 402,394 | 343,512 | 402,394 | 343,512 |
| Water | - | - | 220,357 | 201,198 | 220,357 | 201,198 |
| Garbage | - | - | 143,930 | 126,488 | 143,930 | 126,488 |
| Interest Expense | - | - | 65,647 | 69,427 | 65,647 | 69,427 |
| Total Expenses | 2,131,262 | 2,387,026 | 4,449,525 | 3,955,545 | 6,580,787 | 6,342,571 |
| Change in Net Position Before Transfers | 1,015,784 | 906,541 | 1,802,158 | 955,545 | 2,817,942 | 1,862,086 |
| Transfers | (237,957) | 1,613,838 | 237,957 | (1,613,838) | - | - |
| Change in Net Position | 777,827 | 2,520,379 | 2,040,115 | (658,293) | 2,817,942 | 1,862,086 |
| Net Position, Beginning of Year | 10,528,099 | 8,007,720 | 7,050,588 | 7,708,881 | 17,578,687 | 15,716,601 |
| Net Position, End of Year | \$ 11,305,926 | \$ 10,528,099 | \$ 9,090,703 | \$ 7,050,588 | \$ 20,396,629 | \$ 17,578,687 |

TOWN OF MADISONVILLE, LOUISIANA

Management's Discussion and Analysis

Financial Analysis of the Funds

The Town's General Fund had an increase in fund balance of \$449,280 for the year ended June 30, 2023. The Town's Special Revenue Fund had a decrease in fund balance of \$100,953 for the year ended June 30, 2023. Total governmental fund amounts are different from governmental activities due to capital assets, depreciation of capital assets, and net pension liability.

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

Budget Highlights

As required by law, the Town adopts a budget for its General Fund and Special Revenue Fund. There were no amendments to the originally adopted budget for either fund for the year ended June 30, 2023.

Capital Asset Administration

Capital assets, net of accumulated depreciation, increased by \$1,171,523 for the year ended June 30, 2023. This was principally due to additions and construction in progress exceeding depreciation for both governmental and business-type activities.

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$2,516,000. The entire amount was secured by the revenues of the Gas Fund.

The Town's total long-term debt decreased by \$269,000 due to scheduled debt payments. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

Requests for Information

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

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
June 30, 2023

Statement A

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 582,379 | \$ - | \$ 582,379 |
| Investments | 3,249,335 | 3,873,117 | 7,122,452 |
| Receivables, Net | 323,666 | 372,414 | 696,080 |
| Due from Other Funds | 823,986 | - | 823,986 |
| Restricted Cash and Cash Equivalents | - | 1,380,659 | 1,380,659 |
| Capital Assets Not Being Depreciated | | | |
| Land | 651,641 | 199,159 | 850,800 |
| Construction in Progress | 697,551 | - | 697,551 |
| Depreciable Capital Assets, Net | 6,033,837 | 7,273,260 | 13,307,097 |
| Total Assets | 12,362,395 | 13,098,609 | 25,461,004 |
| Deferred Outflows of Resources | | | |
| Deferred Outflows on Pension Obligation | 182,174 | 109,133 | 291,307 |
| Total Deferred Outflows of Resources | 182,174 | 109,133 | 291,307 |
| Liabilities | | | |
| Accounts Payable | 26,119 | 86,524 | 112,643 |
| Due to Other Funds | 271,917 | 552,069 | 823,986 |
| Customer Deposits | - | 508,953 | 508,953 |
| Deficit in Pooled Cash | - | 118,703 | 118,703 |
| Bonds Payable | | | |
| Due in One Year | - | 280,000 | 280,000 |
| Due in More than One Year | - | 2,236,000 | 2,236,000 |
| Net Pension Liability | 470,748 | 309,834 | 780,582 |
| Total Liabilities | 768,784 | 4,092,083 | 4,860,867 |
| Deferred Inflows of Resources | | | |
| Deferred Inflows on Pension Obligation | 69,859 | 24,956 | 94,815 |
| Deferred Grant Proceeds | 400,000 | - | 400,000 |
| Total Deferred Inflows of Resources | 469,859 | 24,956 | 494,815 |
| Net Position | | | |
| Net Investment in Capital Assets | 7,383,029 | 5,236,419 | 12,619,448 |
| Restricted - Sales Tax Usage | 1,325,129 | - | 1,325,129 |
| Restricted - Revenue Bonds | - | 1,100,659 | 1,100,659 |
| Unrestricted | 2,597,768 | 2,753,625 | 5,351,393 |
| Total Net Position | \$ 11,305,926 | \$ 9,090,703 | \$ 20,396,629 |

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2023

Statement B

| Functions / Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position | | |
|---|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities | | | | | | | |
| Storm Recovery Costs and Reimbursements | \$ 239,329 | \$ - | \$ 260,604 | \$ - | \$ 21,275 | \$ - | \$ 21,275 |
| General Government | 669,851 | - | - | - | (669,851) | - | (669,851) |
| Public Safety | 570,839 | - | 6,760 | - | (564,079) | - | (564,079) |
| Public Works | 613,643 | - | - | - | (613,643) | - | (613,643) |
| Recreation | 37,600 | - | - | 161,886 | 124,286 | - | 124,286 |
| Total Governmental Activities | 2,131,262 | - | 267,364 | 161,886 | (1,702,012) | - | (1,702,012) |
| Business-Type Activities | | | | | | | |
| Gas | 3,617,197 | 4,474,315 | 7,984 | - | - | 865,102 | 865,102 |
| Sewer | 402,394 | 315,176 | 1,480 | 552,590 | - | 466,852 | 466,852 |
| Water | 220,357 | 253,568 | 1,480 | 370,454 | - | 405,145 | 405,145 |
| Garbage | 143,930 | 135,267 | 152 | - | - | (8,511) | (8,511) |
| Interest Expense | 65,647 | - | - | - | - | (65,647) | (65,647) |
| Total Business-Type Activities | 4,449,525 | 5,178,326 | 11,096 | 923,044 | - | 1,662,941 | 1,662,941 |
| Total | \$ 6,580,787 | \$ 5,178,326 | \$ 278,460 | \$ 1,084,930 | (1,702,012) | 1,662,941 | (39,071) |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Sales and Use Taxes | | | | | 1,741,970 | - | 1,741,970 |
| Property Taxes | | | | | 146,639 | - | 146,639 |
| Franchise Taxes | | | | | 78,528 | - | 78,528 |
| Other Taxes | | | | | 3,911 | - | 3,911 |
| Licenses and Permits | | | | | 261,257 | - | 261,257 |
| Fines and Forfeitures | | | | | 191,195 | - | 191,195 |
| Other Revenues | | | | | 186,057 | 16,993 | 203,050 |
| Gain on Sale of Capital Assets | | | | | 11,372 | - | 11,372 |
| Interest Income | | | | | 96,867 | 122,224 | 219,091 |
| Transfers | | | | | (237,957) | 237,957 | - |
| Total General Revenues | | | | | 2,479,839 | 377,174 | 2,857,013 |
| Change in Net Position | | | | | 777,827 | 2,040,115 | 2,817,942 |
| Net Position, Beginning of Year | | | | | 10,528,099 | 7,050,588 | 17,578,687 |
| Net Position, End of Year | | | | | \$ 11,305,926 | \$ 9,090,703 | \$ 20,396,629 |

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

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

TOWN OF MADISONVILLE, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2023

Statement C

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|-------------------------|-------------------------------------|---|
| Assets | | | |
| Cash and Cash Equivalents | \$ 565,402 | \$ 16,977 | \$ 582,379 |
| Investments | 1,400,976 | 1,848,359 | 3,249,335 |
| Receivables | 188,487 | 135,179 | 323,666 |
| Due from Other Funds | 823,986 | - | 823,986 |
| Total Assets | \$ 2,978,851 | \$ 2,000,515 | \$ 4,979,366 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | 22,650 | 3,469 | 26,119 |
| Due to Other Funds | - | 271,917 | 271,917 |
| Total Liabilities | 22,650 | 275,386 | 298,036 |
| Deferred Inflows of Resources | | | |
| Deferred Grant Proceeds | - | 400,000 | 400,000 |
| Fund Balances | | | |
| Restricted for: | | | |
| Sales Tax Usage | - | 1,325,129 | 1,325,129 |
| Unassigned | | | |
| General Fund | 2,956,201 | - | 2,956,201 |
| Total Fund Balances | 2,956,201 | 1,325,129 | 4,281,330 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 2,978,851 | \$ 2,000,515 | \$ 4,979,366 |

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

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Statement D

| | |
|---|-----------------------------|
| Fund Balances - Total Governmental Funds | \$ 4,281,330 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p> | |
| Governmental Capital Assets | 9,425,342 |
| Less: Accumulated Depreciation | (2,042,313) |
| <p>Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p> | |
| | (69,859) |
| <p>Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p> | |
| | 182,174 |
| <p>Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p> | |
| | <u>(470,748)</u> |
| Net Position of Governmental Activities | <u>\$ 11,305,926</u> |

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

Statement E

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|-------------------------|-------------------------------------|---|
| Revenues | | | |
| Taxes | | | |
| Sales and Use Taxes | \$ 870,985 | \$ 870,985 | \$ 1,741,970 |
| Property Taxes | 146,639 | - | 146,639 |
| Franchise Taxes | 78,528 | - | 78,528 |
| Other Taxes | 3,911 | - | 3,911 |
| Intergovernmental Grants | 6,760 | 161,886 | 168,646 |
| Fines and Forfeitures | 191,195 | - | 191,195 |
| Licenses and Permits | 261,257 | - | 261,257 |
| Storm Recovery Reimbursement | 260,604 | - | 260,604 |
| Other Revenues | 137,842 | 20,389 | 158,231 |
| Proceeds from Sale of Capital Assets | 11,372 | - | 11,372 |
| Interest Income | 25,683 | 71,184 | 96,867 |
| Total Revenues | 1,994,776 | 1,124,444 | 3,119,220 |
| Expenditures | | | |
| Current | | | |
| Storm Recovery Costs | 239,329 | - | 239,329 |
| General Government | 610,357 | - | 610,357 |
| Public Safety | 457,853 | - | 457,853 |
| Public Works | - | 478,158 | 478,158 |
| Recreation | - | 27,926 | 27,926 |
| Capital Outlay | - | 719,313 | 719,313 |
| Total Expenditures | 1,307,539 | 1,225,397 | 2,532,936 |
| Excess (Deficiency) of Revenues Over Expenditures | 687,237 | (100,953) | 586,284 |
| Other Financing Uses | | | |
| Transfers Out | (237,957) | - | (237,957) |
| Net Change in Fund Balances | 449,280 | (100,953) | 348,327 |
| Fund Balances, Beginning of Year | 2,506,921 | 1,426,082 | 3,933,003 |
| Fund Balances, End of Year | \$ 2,956,201 | \$ 1,325,129 | \$ 4,281,330 |

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

TOWN OF MADISONVILLE, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Statement F

| | |
|---|-------------------|
| Change in Fund Balances - Total Governmental Funds | \$ 348,327 |
|---|-------------------|

Amounts reported for governmental activities in the statement of activities are different because:

| | |
|---|---------|
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. | 474,744 |
|---|---------|

| | |
|---|-----------------|
| Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions. | <u>(45,244)</u> |
|---|-----------------|

| | |
|--|---------------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 777,827</u></u> |
|--|---------------------------------|

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

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2023

Statement G

| | Gas Fund | Water Fund | Sewer Fund | Garbage Fund | Total |
|---|----------------------|-------------------|---------------------|------------------|----------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Investments | \$ 3,873,117 | \$ - | \$ - | \$ - | \$ 3,873,117 |
| Accounts Receivable, Net | 172,798 | 138,022 | 37,794 | 23,800 | 372,414 |
| Total Current Assets | 4,045,915 | 138,022 | 37,794 | 23,800 | 4,245,531 |
| Non-Current Assets | | | | | |
| Restricted Cash and Cash Equivalents | 1,380,659 | - | - | - | 1,380,659 |
| Nondepreciable Capital Assets | 137,276 | 15,512 | 46,371 | - | 199,159 |
| Depreciable Capital Assets, Net | 4,360,354 | 706,647 | 2,206,259 | - | 7,273,260 |
| Total Non-Current Assets | 5,878,289 | 722,159 | 2,252,630 | - | 8,853,078 |
| Total Assets | 9,924,204 | 860,181 | 2,290,424 | 23,800 | 13,098,609 |
| Deferred Outflows of Resources | | | | | |
| Deferred Outflows on Pension Obligation | 88,801 | 9,127 | 9,127 | 2,078 | 109,133 |
| Total Assets and Deferred Outflows of Resources | \$ 10,013,005 | \$ 869,308 | \$ 2,299,551 | \$ 25,878 | \$ 13,207,742 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | \$ 61,134 | \$ 23,219 | \$ 2,171 | \$ - | \$ 86,524 |
| Due to Other Funds | 552,069 | - | - | - | 552,069 |
| Deficit in Pooled Cash | - | 109,592 | - | 9,111 | 118,703 |
| Total Current Liabilities | 613,203 | 132,811 | 2,171 | 9,111 | 757,296 |
| Current Liabilities Payable from Restricted Assets | | | | | |
| Bonds Payable - Current Portion | 280,000 | - | - | - | 280,000 |
| Non-Current Liabilities | | | | | |
| Customer Deposits | 448,102 | 60,851 | - | - | 508,953 |
| Bonds Payable | 2,236,000 | - | - | - | 2,236,000 |
| Net Pension Liability | 252,112 | 25,912 | 25,912 | 5,898 | 309,834 |
| Total Non-Current Liabilities | 2,936,214 | 86,763 | 25,912 | 5,898 | 3,054,787 |
| Total Liabilities | 3,829,417 | 219,574 | 28,083 | 15,009 | 4,092,083 |
| Deferred Inflows of Resources | | | | | |
| Deferred Inflows on Pension Obligation | 20,307 | 2,087 | 2,087 | 475 | 24,956 |
| Total Deferred Inflows of Resources | 20,307 | 2,087 | 2,087 | 475 | 24,956 |
| Net Position | | | | | |
| Net Investment in Capital Assets | 2,261,630 | 722,159 | 2,252,630 | - | 5,236,419 |
| Restricted - Revenue Bonds | 1,100,659 | - | - | - | 1,100,659 |
| Unrestricted Net Position | 2,800,992 | (74,512) | 16,751 | 10,394 | 2,753,625 |
| Total Net Position | 6,163,281 | 647,647 | 2,269,381 | 10,394 | 9,090,703 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 10,013,005 | \$ 869,308 | \$ 2,299,551 | \$ 25,878 | \$ 13,207,742 |

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

Statement H

| | Gas Fund | Water Fund | Sewer Fund | Garbage Fund | Total |
|--|---------------------|-----------------------|-----------------------|-------------------------|---------------------|
| Operating Revenues | | | | | |
| Charges for Services | | | | | |
| Gas Sales | \$ 4,474,315 | \$ - | \$ - | \$ - | \$ 4,474,315 |
| Sewer Service Charges | - | - | 315,176 | - | 315,176 |
| Water Sales | - | 253,568 | - | - | 253,568 |
| Garbage Collection Fees | - | - | - | 135,267 | 135,267 |
| Total Operating Revenues | 4,474,315 | 253,568 | 315,176 | 135,267 | 5,178,326 |
| Operating Expenses | | | | | |
| Gas Purchased | 1,932,758 | - | - | - | 1,932,758 |
| Repairs and Maintenance | 504,034 | 70,882 | 111,177 | - | 686,093 |
| Administrative and General | 498,469 | 10,062 | 155,776 | 1,500 | 665,807 |
| Salaries and Related Benefits | 388,836 | 35,562 | 38,658 | 10,385 | 473,441 |
| Depreciation | 167,459 | 17,520 | 62,793 | - | 247,772 |
| Garbage Collection | - | - | - | 132,045 | 132,045 |
| Utilities | 34,780 | 6,230 | 33,990 | - | 75,000 |
| Water Purchases | - | 70,485 | - | - | 70,485 |
| Auto and Truck | 33,307 | - | - | - | 33,307 |
| Insurance | 54,100 | 9,616 | - | - | 63,716 |
| Authority Fees | 3,454 | - | - | - | 3,454 |
| Total Operating Expenses | 3,617,197 | 220,357 | 402,394 | 143,930 | 4,383,878 |
| Operating Income (Loss) | 857,118 | 33,211 | (87,218) | (8,663) | 794,448 |
| Nonoperating Revenues (Expenses) | | | | | |
| Grant Income and Other Contributions | 24,977 | 371,934 | 554,070 | 152 | 951,133 |
| Interest Income | 122,224 | - | - | - | 122,224 |
| Interest Expense | (65,647) | - | - | - | (65,647) |
| Total Nonoperating Revenues (Expenses), Net | 81,554 | 371,934 | 554,070 | 152 | 1,007,710 |
| Income (Loss) Before Transfers | 938,672 | 405,145 | 466,852 | (8,511) | 1,802,158 |
| Transfers | | | | | |
| Transfers In | - | - | 237,957 | - | 237,957 |
| Change in Net Position | 938,672 | 405,145 | 704,809 | (8,511) | 2,040,115 |
| Net Position, Beginning of Year | 5,224,609 | 242,502 | 1,564,572 | 18,905 | 7,050,588 |
| Net Position, End of Year | \$ 6,163,281 | \$ 647,647 | \$ 2,269,381 | \$ 10,394 | \$ 9,090,703 |

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

Statement I

| | Gas Fund | Water Fund | Sewer Fund | Garbage Fund | Total |
|--|---------------------|-----------------------|-----------------------|-------------------------|---------------------|
| Cash Flows from Operating Activities | | | | | |
| Receipts from Customers and Users | \$ 4,550,933 | \$ 252,740 | \$ 314,456 | \$ 135,050 | \$ 5,253,179 |
| Payments to Suppliers | (3,122,687) | (175,120) | (298,772) | (133,545) | (3,730,124) |
| Payments to Employees | (421,271) | (53,229) | (56,325) | (11,863) | (542,688) |
| Net Cash Provided by (Used in) Operating Activities | 1,006,975 | 24,391 | (40,641) | (10,358) | 980,367 |
| Cash Flows from Non-Capital Financing Activities | | | | | |
| Grant Income and Other Contributions | 24,977 | 1,480 | 1,480 | 9,263 | 37,200 |
| Interfund Borrowings and Transfers from Other Funds | 552,069 | 109,592 | 237,957 | 1,095 | 900,713 |
| Net Cash Provided by Non-Capital Financing Activities | 577,046 | 111,072 | 239,437 | 10,358 | 937,913 |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Purchase of Capital Assets | - | (223,415) | (751,386) | - | (974,801) |
| Proceeds from Capital Grants | - | 87,952 | 552,590 | - | 640,542 |
| Interest Paid on Capital Debt | (65,647) | - | - | - | (65,647) |
| Principal Paid on Capital Debt | (269,000) | - | - | - | (269,000) |
| Net Cash Used in Capital and Related Financing Activities | (334,647) | (135,463) | (198,796) | - | (668,906) |
| Cash Flows from Investing Activities | | | | | |
| Purchase of Investments | (1,246,305) | - | - | - | (1,246,305) |
| Interest Received | 122,224 | - | - | - | 122,224 |
| Net Cash Used in Investing Activities | (1,124,081) | - | - | - | (1,124,081) |
| Net Increase in Cash and Cash Equivalents | 125,293 | - | - | - | 125,293 |
| Cash and Cash Equivalents, Beginning of Year | 1,255,366 | - | - | - | 1,255,366 |
| Cash and Cash Equivalents, End of Year | \$ 1,380,659 | \$ - | \$ - | \$ - | \$ 1,380,659 |

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

TOWN OF MADISONVILLE, LOUISIANA
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

Statement I

| | Gas Fund | Water Fund | Sewer Fund | Garbage Fund | Total |
|---|---------------------|------------------|--------------------|--------------------|---------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | | |
| Operating Income (Loss) | \$ 857,118 | \$ 33,211 | \$ (87,218) | \$ (8,663) | \$ 794,448 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | | |
| Depreciation | 167,459 | 17,520 | 62,793 | - | 247,772 |
| (Increase) Decrease in: | | | | | |
| Trade Accounts Receivable | 40,709 | (1,861) | (720) | (217) | 37,911 |
| Increase (Decrease) in: | | | | | |
| Accounts Payable | (62,035) | (7,845) | 2,171 | - | (67,709) |
| Customer Deposits | 36,159 | 1,033 | - | - | 37,192 |
| Net Pension Liability | (32,435) | (17,667) | (17,667) | (1,478) | (69,247) |
| Net Cash Provided by (Used in) Operating Activities | \$ 1,006,975 | \$ 24,391 | \$ (40,641) | \$ (10,358) | \$ 980,367 |
| Cash and Cash Equivalents | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Cash and Cash Equivalents | 1,380,659 | - | - | - | 1,380,659 |
| Total Cash and Cash Equivalents | \$ 1,380,659 | \$ - | \$ - | \$ - | \$ 1,380,659 |

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Introduction

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

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements(Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

Budgets and Budgetary Accounting

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

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

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

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

Cash and Cash Equivalents

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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

Cash and cash equivalents consist of cash, as defined above, including restricted cash. Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB Statement No. 31, as amended by GASB Statement No. 72, are reported at fair value, which is determined using published market prices.

Property Taxes

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

For the year ended June 30, 2023, the Town levied taxes of 8.55 mills that were dedicated to the General Fund.

Sales Taxes

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

Accumulated Unpaid Paid Time-Off

Full time regular employees accrue vacation and sick paid time-off (PTO) at a rate of eight hours per month, up to 96 hours per year. Eligible employees earn an additional 40 hours of PTO after one year of employment and an additional 80 hours of PTO after three years of employment. Accrued PTO may be carried over annually up to a maximum of 240 hours. Any accrued and unused PTO will be paid out upon termination of service. There was no material accumulated PTO as of June 30, 2023 for which the Town would be held liable.

Accounts Receivable

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance was \$15,000 at June 30, 2023.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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

Capital outlays are recorded as expenditures of the General Fund and Special Revenue Fund in the governmental fund financial statements and as assets in the government-wide financial statements, to the extent the Town's capitalization threshold is met. In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general capital assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as capital assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

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

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions

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

Fund Equity

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

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

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

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

Interfund Transactions

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Budgetary Information

The Town was in compliance with the Local Budget Act at June 30, 2023.

Note 2. Stewardship, Compliance, and Accountability

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At June 30, 2023, the Town was not in compliance with deposit and investment laws and regulations due to inadequate collateralization of bank deposits in excess of Federal Deposit Insurance Corporation coverage.

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

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

As of June 30, 2023, \$1,266,150 of the Town's bank balance of \$2,016,150 was exposed to custodial credit risk. Except for \$95,589, the remainder of these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The custodial bank must advertise and sell the pledged securities within ten days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 4. Investments

Investments of \$7,122,452, as of June 30, 2023, were invested in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories 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-entry form.

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 pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955.

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

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- *Credit Risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments was 56 as of June 30, 2023.
- *Foreign Currency Risk:* Not applicable.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 4. Investments (Continued)

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

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

Note 5. Receivables

The net receivables at June 30, 2023 were as follows:

| | General Fund | Special Revenue Fund | Natural Gas Fund | Water Fund | Sewer Fund | Garbage Fund | Total |
|------------------|-------------------|----------------------|-------------------|-------------------|------------------|------------------|-------------------|
| Taxes | | | | | | | |
| Sales and Use | \$ 135,179 | \$ 135,179 | \$ - | \$ - | \$ - | \$ - | \$ 270,358 |
| Franchise | 11,779 | - | - | - | - | - | 11,779 |
| Other | 41,529 | - | - | - | - | - | 41,529 |
| Grants | - | - | - | 125,685 | - | - | 125,685 |
| Utility Accounts | | | | | | | |
| Sales | - | - | 172,798 | 12,337 | 37,794 | 23,800 | 246,729 |
| Total | \$ 188,487 | \$ 135,179 | \$ 172,798 | \$ 138,022 | \$ 37,794 | \$ 23,800 | \$ 696,080 |

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$15,000 for the business-type activities at June 30, 2023.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

| Governmental Activities | Balance June 30, 2022 | Increases | Decreases | Balance June 30, 2023 |
|--|--------------------------|-------------------|---------------------|--------------------------|
| Capital Assets Not Depreciated | | | | |
| Land | \$ 651,641 | \$ - | \$ - | \$ 651,641 |
| Construction in Progress | 329,444 | 597,551 | (229,444) | 697,551 |
| Total Capital Assets Not Depreciated | 981,085 | 597,551 | (229,444) | 1,349,192 |
| Capital Assets Being Depreciated | | | | |
| Automobiles | 439,327 | - | - | 439,327 |
| Recreation Equipment | 185,689 | 229,444 | - | 415,133 |
| Equipment | 172,636 | - | - | 172,636 |
| Office Equipment and Furniture | 14,236 | - | - | 14,236 |
| Buildings and Improvements | 1,860,562 | - | (69,106) | 1,791,456 |
| Street and Sidewalk Improvements | 2,197,546 | 88,188 | - | 2,285,734 |
| Infrastructure | 2,833,511 | 46,445 | - | 2,879,956 |
| Other | 77,672 | - | - | 77,672 |
| Total Capital Assets Being Depreciated | 7,781,179 | 364,077 | (69,106) | 8,076,150 |
| Less Accumulated Depreciation for: | | | | |
| Automobiles | (299,069) | (49,530) | - | (348,599) |
| Recreation Equipment | (145,876) | (9,674) | - | (155,550) |
| Equipment | (165,169) | (2,520) | - | (167,689) |
| Office Equipment and Furniture | (12,218) | (796) | - | (13,014) |
| Buildings and Improvements | (308,357) | (49,646) | 69,106 | (288,897) |
| Street and Sidewalk Improvements | (519,999) | (57,183) | - | (577,182) |
| Infrastructure | (360,582) | (78,621) | - | (439,203) |
| Other | (42,709) | (9,470) | - | (52,179) |
| Total Accumulated Depreciation | (1,853,979) | (257,440) | 69,106 | (2,042,313) |
| Total Capital Assets Being Depreciated, Net | 5,927,200 | 106,637 | - | 6,033,837 |
| Total | \$ 6,908,285 | \$ 704,188 | \$ (229,444) | \$ 7,383,029 |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets (Continued)

| Business-Type Activities | Balance June 30, 2022 | Increases | Decreases | Balance June 30, 2023 |
|--|----------------------------------|---------------------|---------------------|----------------------------------|
| Capital Assets Not Depreciated | | | | |
| Land | \$ 199,159 | \$ - | \$ - | \$ 199,159 |
| Construction in Progress | 348,250 | - | (348,250) | - |
| Total Capital Assets Not Depreciated | 547,409 | - | (348,250) | 199,159 |
| Capital Assets Being Depreciated | | | | |
| Gas Distribution System | 7,209,582 | - | (7,500) | 7,202,082 |
| Water Distribution System | 727,234 | 254,885 | - | 982,119 |
| Sewer Plant and Lines | 2,904,073 | 1,037,916 | - | 3,941,989 |
| Total Capital Assets Being Depreciated | 10,840,889 | 1,292,801 | (7,500) | 12,126,190 |
| Less Accumulated Depreciation for: | | | | |
| Gas Distribution System | (2,681,771) | (167,459) | 7,500 | (2,841,730) |
| Water Distribution System | (257,949) | (17,520) | - | (275,469) |
| Sewer Plant and Lines | (1,672,938) | (62,793) | - | (1,735,731) |
| Total Accumulated Depreciation | (4,612,658) | (247,772) | 7,500 | (4,852,930) |
| Total Capital Assets Being Depreciated, Net | 6,228,231 | 1,045,029 | - | 7,273,260 |
| Total | \$ 6,775,640 | \$ 1,045,029 | \$ (348,250) | \$ 7,472,419 |

Depreciation was charged to governmental functions as follows for the year ended June 30, 2023:

| | |
|-----------------------------------|-------------------|
| General Government - Town Hall | \$ 59,912 |
| Public Safety | 52,050 |
| Public Works - Street Maintenance | 57,183 |
| Public Works - Infrastructure | 78,621 |
| Recreation | 9,674 |
| Total | \$ 257,440 |

The Town's active construction contracts as of June 30, 2023 are as follows:

| Project | Total Contract | Remaining Commitment |
|-----------------------------------|---------------------------|---------------------------------|
| Splash Pad | \$ 350,000 | \$ 307,650 |
| Water Street Roadway Improvements | 741,610 | 99,396 |
| Total | \$ 1,091,610 | \$ 407,046 |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans

Municipal Employees' Retirement System of Louisiana (the System)

Plan Description and Provisions

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

Eligibility

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

Retirement Benefits

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

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

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

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

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

Note 7. Employee Pension Plans (Continued)

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

Survivor's Benefits

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

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

Deferred Retirement Option Plan (DROP) Benefits

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

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

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

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten (10) years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation, or an amount equal to what the member's normal retirement benefit would be based on the member's final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Cost-of-Living Increases

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

Deferred Benefits

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

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. The employer contribution rate in effect during the fiscal year ended June 30, 2023 was 15.50% for Plan B.

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

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

At June 30, 2023, the Town reported a liability of \$583,220 for its proportionate share of the net pension liability which is recorded on the financial statements as follows:

| | Net Pension Liability |
|----------------------------|----------------------------------|
| Governmental Activities | \$ 273,386 |
| Business-Type Activities | |
| Gas Fund | 252,112 |
| Sewer Fund | 25,912 |
| Non-Major Enterprise Funds | |
| Water Fund | 25,912 |
| Garbage Fund | 5,898 |
| | <hr/> |
| Total | \$ 583,220 |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

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

The net pension liability was measured as of June 30, 2022, and was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At June 30, 2022, the Town's proportion was .664273%.

For the year ended June 30, 2023, the Town recognized pension expense of \$49,048. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | \$ - | \$ 7,422 |
| Changes of Assumptions | 6,236 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 107,260 | - |
| Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | - | 39,554 |
| Employer Contributions Subsequent to the Measurement Date | 91,930 | - |
| Total | \$ 205,426 | \$ 46,976 |

Deferred outflows of resources in the amount of \$91,930 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount |
|---------------------------------|------------------|
| 2024 | \$ (2,554) |
| 2025 | 9,405 |
| 2026 | 11,563 |
| 2027 | 48,106 |
| Total | \$ 66,520 |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 is as follows:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions | |
| Investment Rate of Return | 6.85%, net of investment expense, including inflation |
| Inflation Rate | 2.5% |
| Projected Salary Increases | |
| - 1 to 4 Years | 7.40% |
| - More than 4 Years | 4.90% |
| Mortality Rates | PubG-2010(B) Employee and Healthy Retiree tables set equal to 120% for males and females using their respective male and female MP2018 scale. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale. |
| Expected Remaining Service Lives | 3 Years |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated 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.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|--------------------------------|---|
| Public Equity | 53% | 2.31% |
| Public Fixed Income | 38% | 1.65% |
| Alternatives | 9% | 0.39% |
| Total | 100% | 4.35% |
| Inflation | | 2.60% |
| Expected Arithmetic Nominal Return | | 6.95% |

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee.

Based on these assumptions, the 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.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current rate:

| | 1% Decrease (5.85%) | Current Discount Rate (6.85%) | 1% Increase (7.85%) |
|--|--------------------------------|--|--------------------------------|
| Town's Proportionate Share of the Net Pension Liability | \$ 795,041 | \$ 583,220 | \$ 404,071 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the Municipal Employees' Retirement System of Louisiana for the year ended June 30, 2022. Access to the report can be found on the Louisiana Legislative Auditor's website at www.lia.la.gov.

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

Plan Description and Provisions

The Municipal Police Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer plan. Membership in the Police System is mandatory for any full-time police officers employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and provided he or she meets the statutory criteria. The Police System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability include all benefits to be provided to current active and inactive employees through the Police 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 R.S. 11:2211-11:2233.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Plan Description and Provisions (Continued)

The following is a brief description of the plan and its benefits and is provided for general information purposes only:

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the Police System and has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of the Police System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the Police System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the Police System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60.

Under both sub plans, a member is eligible for early retirement after he has been a member of the Police System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Plan Description and Provisions (Continued)

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month, whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan (DROP)

A member is eligible to elect to enter the DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the Police System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the Police System shall resume and, upon later termination, he shall receive additional retirement benefits based on the additional service.

For those eligible to enter the DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the Police System's investment portfolio as certified by the actuary on an annual basis, but will never lose money. For those eligible to enter the DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the Police System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Cost-of-Living Adjustments

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% cost-of-living adjustment, computed on the member's original benefit, to all regular retirees, disability, survivors, and beneficiaries who are sixty-five (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 cost-of-living adjustment, 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.

A cost-of-living adjustment may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. The employer contribution rate in effect during the fiscal year ended June 30, 2023 was 31.25% for all members.

In accordance with state statute, the Police System receives insurance premium tax monies. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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

At June 30, 2023, the Town reported a liability of \$197,362 for its proportionate share of the net pension liability which is recorded on the financial statements.

The net pension liability was measured as of June 30, 2022, and was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At June 30, 2022, the Town's proportion was .019308%.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

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

For the year ended June 30, 2023, the Town recognized pension expense of \$47,839. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 973 | \$ 1,609 |
| Changes of Assumptions | 6,808 | 1,468 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 35,235 | - |
| Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions | 29,958 | 44,762 |
| Employer Contributions Subsequent to the Measurement Date | 12,907 | - |
| Total | \$ 85,881 | \$ 47,839 |

Deferred outflows of resources in the amount of \$12,907 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount |
|---------------------------------|------------------|
| 2024 | \$ 22,187 |
| 2025 | (7,712) |
| 2026 | (7,819) |
| 2027 | 18,479 |
| Total | \$ 25,135 |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 is as follows:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions | |
| Investment Rate of Return | 6.75%, net of investment expense |
| Inflation Rate | 2.50% |
| Projected Salary Increases | |
| - 1 to 2 Years | 12.30% |
| - Over 2 Years | 4.70% |
| Mortality Rates | Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale for employees, annuitants, and beneficiaries. Pub-2010 Public Retirement Plan Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale for disabled lives. |
| Expected Remaining Service Lives | 4 Years |
| Cost-of-Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid into the Police System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

Actuarial Assumptions (Continued)

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2014 through June 30, 2019. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to provide current levels of mortality.

Best estimates of arithmetic real rates of return for each major asset class included in the Police System's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|--------------------------------|---|
| Equity | 55.50% | 3.60% |
| Fixed Income | 30.50% | 0.85% |
| Alternative | 14.00% | 0.95% |
| Total | <u>100.00%</u> | 5.40% |
| Inflation | | <u>2.66%</u> |
| Expected Arithmetic Nominal Return | | <u>8.06%</u> |

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the Police System's actuary.

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

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|--|--------------------------------|--|--------------------------------|
| Town's Proportionate Share of the Net Pension Liability | \$ 276,269 | \$ 197,362 | \$ 131,449 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the Municipal Police Employees' Retirement System of Louisiana for the year ended June 30, 2022. Access to the report can be found on the Louisiana Legislative Auditor's website at www.la.gov.

Note 8. Deferred Compensation Plan

Police employees of the Town are eligible to participate in the Town's deferred compensation plan. The employees must contribute a minimum of 5%, and may contribute up to 100%, of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. For fiscal year ended June 30, 2023, the Town contributed 12% for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Town does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2023, the Town made contributions which totaled \$24,465.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 9. Lake Pontchartrain Basin Maritime Museum

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

Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town had no settled claims resulting from these risks that exceeded its commercial coverage.

Note 11. Long-Term Liabilities

The following is a summary of long-term debt activity of the Town for the year ended June 30, 2023:

| | Revenue Bonds |
|---------------------------------|----------------------------|
| Balance at July 1, 2022 | \$ 2,785,000 |
| Proceeds | - |
| Retirements | <u>(269,000)</u> |
| Balance at June 30, 2023 | <u>\$ 2,516,000</u> |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 11. Long-Term Liabilities (Continued)

Long-term debt was composed of the following at June 30, 2023:

Revenue Bonds

| | |
|--|-----------------------------------|
| \$1,080,000 Gas Utility Revenue Bonds, Series 2015, due in annual installments with semi-annual interest payments at 2.5% per annum through December 1, 2027, secured by the revenues of the Gas Fund. | \$ 715,000 |
| \$1,000,000 Gas Utility Revenue Bonds dated June 12, 2019, due in annual installments with semi-annual interest payments at 2.79% per annum through December 1, 2029, secured by the revenues of the Gas Fund. | 900,000 |
| \$1,000,000 Gas Utility Revenue Bonds dated June 12, 2019, due in annual installments with semi-annual interest payments at 2.80% per annum through December 1, 2029, secured by the revenues of the Gas Fund. | <u>901,000</u> |
| Total | <u><u>\$ 2,516,000</u></u> |

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

| Year Ending June 30, | Revenue Bonds | |
|-------------------------|-----------------------------------|---------------------------------|
| | Principal | Interest |
| 2024 | \$ 280,000 | \$ 60,852 |
| 2025 | 290,000 | 54,270 |
| 2026 | 301,000 | 47,438 |
| 2027 | 307,000 | 40,403 |
| 2028 | 317,000 | 33,167 |
| 2029 - 2030 | <u>1,021,000</u> | <u>56,851</u> |
| Total | <u><u>\$ 2,516,000</u></u> | <u><u>\$ 292,981</u></u> |

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 12. Restricted Assets

Revenue Bonds

As shown in Note 11, the Town has \$2,516,000 of future debt service requirements of Gas Utility Revenue Bonds. The proceeds of these bonds were used to construct and acquire extensions, improvements, and replacements of the Town's natural gas utility system. The bond resolution of these issues requires the Town to restrict and maintain the following funds:

Revenue Bond Sinking Fund

The requirement calls for the establishment and maintenance of a Gas Utility Revenue Bond Sinking Fund sufficient to pay promptly and in full the principal and interest on bonds authorized as they become due and payable. This requirement has been met as of June 30, 2023.

Revenue Bond Reserve Fund

Each month, the Town is required to deposit ten percent of the amount to be deposited in the sinking fund until the reserve is equal to the reserve fund requirement. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2023.

Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the gas system. Regular deposits equal to five percent of the amount to be deposited in the sinking fund per month are to be deposited with the regularly designated fiscal agent of the Town. This requirement has been met as of June 30, 2023.

Note 13. Excess Expenditures Over Appropriations

During the year ended June 30, 2023, there were no excess expenditures over appropriations for the governmental funds.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 14. Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The adoption of the Statement did not have an effect on the Town's financial statements.

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

Schedule I

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|--|--------------------|--------------------|---------------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Sales and Use Taxes | \$ 750,000 | \$ 750,000 | \$ 870,985 | \$ 120,985 |
| Property Taxes | 145,000 | 145,000 | 146,639 | 1,639 |
| Franchise Taxes | 72,000 | 72,000 | 78,528 | 6,528 |
| Other Taxes | 5,000 | 5,000 | 3,911 | (1,089) |
| Intergovernmental Grants | 52,000 | 52,000 | 6,760 | (45,240) |
| Fines and Forfeitures | 240,000 | 240,000 | 191,195 | (48,805) |
| Licenses and Permits | 145,000 | 145,000 | 261,257 | 116,257 |
| Other Revenues | 64,000 | 64,000 | 398,446 | 334,446 |
| Proceeds from Sale of Capital Assets | 61,282 | 61,282 | 11,372 | (49,910) |
| Interest Income | 200 | 200 | 25,683 | 25,483 |
| Total Revenues | 1,534,482 | 1,534,482 | 1,994,776 | 460,294 |
| Expenditures | | | | |
| Current | | | | |
| Hurricane Recovery | - | - | 239,329 | (239,329) |
| Salaries and Benefits - Police | 474,722 | 474,722 | 368,308 | 106,414 |
| Salaries and Benefits - Admin | 228,794 | 228,794 | 221,318 | 7,476 |
| Other Police Expenses | 120,500 | 120,500 | 89,545 | 30,955 |
| Legal and Professional Fees | 52,400 | 52,400 | 80,983 | (28,583) |
| Other Administrative Expenses | 80,500 | 80,500 | 112,425 | (31,925) |
| Alderman and Mayor Fees | 78,000 | 78,000 | 78,000 | - |
| Accounting and Auditing | 11,000 | 11,000 | 14,445 | (3,445) |
| Utilities and Telephone | 6,600 | 6,600 | 18,537 | (11,937) |
| Property Insurance | 16,000 | 16,000 | 21,303 | (5,303) |
| Repairs and Maintenance | 15,000 | 15,000 | 43,491 | (28,491) |
| Payroll Services | 10,000 | 10,000 | 10,763 | (763) |
| Advertising | 2,000 | 2,000 | 5,942 | (3,942) |
| Ad Valorem Collection Fees | 3,500 | 3,500 | 3,150 | 350 |
| Capital Outlay | 500,000 | 500,000 | - | 500,000 |
| Total Expenditures | 1,599,016 | 1,599,016 | 1,307,539 | 291,477 |
| Excess (Deficiency) of Revenues Over Expenditures | (64,534) | (64,534) | 687,237 | 751,771 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | - | - | (237,957) | (237,957) |
| Net Change in Fund Balance | \$ (64,534) | \$ (64,534) | 449,280 | \$ 513,814 |
| Fund Balance, Beginning of Year | | | <u>2,506,921</u> | |
| Fund Balance, End of Year | | | <u>\$ 2,956,201</u> | |

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2023

Schedule II

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable/ (Unfavorable) |
|---|---------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Taxes | | | | |
| Sales and Use Taxes | \$ 750,000 | \$ 750,000 | \$ 870,985 | \$ 120,985 |
| Intergovernmental Grants | - | - | 161,886 | 161,886 |
| Other Revenues | 15,000 | 15,000 | 20,389 | 5,389 |
| Interest Income | 700 | 700 | 71,184 | 70,484 |
| Total Revenues | 765,700 | 765,700 | 1,124,444 | 358,744 |
| Expenditures | | | | |
| Current | | | | |
| Salaries and Benefits | 238,139 | 238,139 | 243,496 | (5,357) |
| Street Maintenance | 290,500 | 290,500 | 140,553 | 149,947 |
| Utilities | 42,000 | 42,000 | 43,112 | (1,112) |
| Repairs and Maintenance | 10,000 | 10,000 | 31,546 | (21,546) |
| Other General Expenses | 10,000 | 10,000 | 17,126 | (7,126) |
| Recreation | 30,000 | 30,000 | 27,926 | 2,074 |
| Accounting and Auditing | 3,000 | 3,000 | 2,325 | 675 |
| Capital Outlay | 850,000 | 850,000 | 719,313 | 130,687 |
| Total Expenditures | 1,473,639 | 1,473,639 | 1,225,397 | 248,242 |
| Deficiency of Revenues Over Expenditures | (707,939) | (707,939) | (100,953) | 606,986 |
| Net Change in Fund Balance | \$ (707,939) | \$ (707,939) | (100,953) | \$ 606,986 |
| Fund Balance, Beginning of Year | | | <u>1,426,082</u> | |
| Fund Balance, End of Year | | | <u>\$ 1,325,129</u> | |

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Required Supplementary Information Under
GASB Statement No. 68
Schedule of Town's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2023

Schedule III

| Municipal Employees' Retirement System | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Town's Portion of the Net Pension Liability | 0.66427% | 0.71131% | 0.77344% | 0.82515% | 0.85528% | 0.91876% | 0.96504% | 0.88382% | 0.86534% |
| Town's Proportionate Share of the Net Pension Liability | \$ 583,220 | \$ 412,069 | \$ 700,911 | \$ 721,852 | \$ 723,420 | \$ 794,940 | \$ 799,929 | \$ 600,684 | \$ 406,274 |
| Town's Covered Payroll | \$ 530,301 | \$ 567,954 | \$ 592,801 | \$ 638,300 | \$ 646,345 | \$ 769,794 | \$ 709,023 | \$ 610,915 | \$ 563,120 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll | 69.56% | 72.55% | 118.24% | 113.09% | 111.92% | 103.27% | 112.82% | 84.72% | 66.50% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.56% | 79.14% | 66.26% | 66.14% | 65.60% | 63.49% | 62.11% | 68.71% | 76.94% |
| Municipal Police Employees' Retirement System | 2023 | 2022 | 2021 | 2020 | | | | | |
| Town's Portion of the Net Pension Liability | 0.01931% | 0.02465% | 0.02807% | 0.01353% | | | | | |
| Town's Proportionate Share of the Net Pension Liability | \$ 197,362 | \$ 131,377 | \$ 259,414 | \$ 122,875 | | | | | |
| Town's Covered Payroll | \$ 62,220 | \$ 75,190 | \$ 79,832 | \$ 38,854 | | | | | |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll | 317.20% | 174.73% | 324.95% | 316.25% | | | | | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.80% | 84.09% | 70.94% | 71.00% | | | | | |

Notes:

GASB 68 requires this schedule to show information for 10 years.
The Town implemented GASB 68 in its 2015 fiscal year.
In the year ended June 30, 2019, the Town began contributing to the Municipal Police Employees' Retirement System. As a result, there are no data to report for prior years.
Additional years will be displayed as they become available.

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Required Supplementary Information Under
GASB Statement No. 68
Schedule of Town's Contributions
For the Year Ended June 30, 2023

Schedule IV

| Municipal Employees' Retirement System | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Contribution | \$ 91,930 | \$ 82,197 | \$ 88,033 | \$ 82,992 | \$ 88,006 | \$ 83,376 | \$ 71,098 | \$ 67,356 | \$ 58,037 |
| Contributions in Relation to the Contractually Required Contribution | (91,930) | (82,197) | (88,033) | (82,992) | (88,006) | (83,376) | (71,098) | (67,356) | (58,037) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's Covered Payroll | \$ 593,094 | \$ 530,301 | \$ 567,954 | \$ 592,801 | \$ 638,300 | \$ 646,345 | \$ 769,794 | \$ 709,023 | \$ 610,915 |
| Contributions as a Percentage of Covered Payroll | 15.50% | 15.50% | 15.50% | 14.00% | 13.79% | 12.90% | 9.24% | 9.50% | 9.50% |
| Municipal Police Employees' Retirement System | 2023 | 2022 | 2021 | 2020 | 2019 | | | | |
| Contractually Required Contribution | \$ 12,906 | \$ 18,511 | \$ 25,377 | \$ 25,945 | \$ 12,530 | | | | |
| Contributions in Relation to the Contractually Required Contribution | (12,906) | (18,511) | (25,377) | (25,945) | (12,530) | | | | |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | | | | |
| Town's Covered Payroll | \$ 41,299 | \$ 62,220 | \$ 75,190 | \$ 79,832 | \$ 38,854 | | | | |
| Contributions as a Percentage of Covered Payroll | 31.25% | 29.75% | 33.75% | 32.50% | 32.25% | | | | |

Notes:

The amounts presented have a measurement date of the previous fiscal year-end.
 GASB 68 requires this schedule to show information for 10 years.
 The Town implemented GASB 68 in its 2015 fiscal year.
 In the year ended June 30, 2019, the Town began contributing to the Municipal Police Employees' Retirement System. As a result, there are no data to report for prior years.
 Additional years will be displayed as they become available.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation Paid to Members
of the Board of Aldermen
For the Year Ended June 30, 2023

| Official | Term Expires | Compensation |
|---|---------------------|---------------------|
| James Bouey, Alderman P.O. Box 142 Madisonville, LA 70447 | June 30, 2024 | \$ 6,600 |
| Timothy Bounds, Alderman P.O. Box 835 Madisonville, LA 70447 | June 30, 2024 | \$ 6,600 |
| Keith Dennis, Alderman 308 Colleen Court Madisonville, LA 70447 | June 30, 2024 | \$ 6,600 |
| Brad Haddox, Alderman 902 Pine Street Madisonville, LA 70447 | June 30, 2024 | \$ 6,600 |
| Chris Hitzman, Alderman 1113 Pine Street Madisonville, LA 70447 | June 30, 2023 | \$ 6,600 |

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2023

Agency Head
Jean Pelloat, Mayor

| Purpose | Amount |
|--|---------------|
| Salary | \$45,000 |
| Benefits - Insurance | \$489 |
| Benefits - Retirement | \$6,975 |
| Benefits - Other | \$0 |
| Car Allowance | \$0 |
| Vehicle Provided by Government | \$1,465 |
| Per Diem | \$0 |
| Reimbursements | \$0 |
| Travel | \$0 |
| Registration Fees | \$381 |
| Conference Travel | \$0 |
| Continuing Professional Education Fees | \$0 |
| Housing | \$0 |
| Unvouchered Expenses | \$0 |
| Special Meals | \$0 |
| Cell Phone | \$405 |

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
General Fund
Cash Basis Presentation
For the Six-Month Periods Ended December 31, 2022 and June 30, 2023

| | First Six- Month Period Ended 12/31/2022 | Second Six- Month Period Ended 6/30/2023 |
|---|---|---|
| Beginning Balance of Amounts Collected | \$ - | \$ - |
| Add: Collections | | |
| Criminal Court Costs/Fees | 4,470 | 2,780 |
| Criminal Fines - Other | 103,775 | 71,785 |
| Service/Collection Fees | 1,899 | 1,066 |
| Subtotal Collections | <u>110,144</u> | <u>75,631</u> |
| Less: Disbursements to Governments and Nonprofits: | | |
| Louisiana Dept of Health - Traumatic Head and Spinal Cord | 670 | 370 |
| Louisiana Supreme Court - Louisiana Judicial College | 294 | 184 |
| Louisiana Commission on Law Enforcement - POST Law Enforcement | 1,172 | 734 |
| Treasurer, State of Louisiana - CMIS | 82 | 48 |
| Florida Parishes Juvenile Justice Commission | 1,080 | 710 |
| Crimestoppers | 1,172 | 734 |
| Less: Amounts Retained by Collecting Agency | | |
| Town of Madisonville - Criminal Fines | 103,775 | 71,785 |
| Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection | 1,899 | 1,066 |
| Subtotal Disbursements/Retainage | <u>110,144</u> | <u>75,631</u> |
| Ending Balance of Amounts Collected but not Disbursed/Retained | <u>\$ -</u> | <u>\$ -</u> |
| Other Information | | |
| Ending Balance of Total Amounts Assessed but not yet Collected | \$ - | \$ - |
| Total Waivers during the Fiscal Period | \$ - | \$ - |

See independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

Town of Madisonville's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



A Professional Accounting Corporation

Baton Rouge, LA
November 6, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

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

Opinion on Each Major Program

We have audited the Town of Madisonville, Louisiana's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above has occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirement of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Baton Rouge, LA
November 6, 2023

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Grantor/Pass-Through Grantor/ Program Title | Assistance Listing Number | Grant Number | Expenditures |
|---|---------------------------------|-----------------|-------------------|
| National Park Service | | | |
| Passed through Louisiana Department of Wildlife and Fisheries Rivers, Trails and Conservation Assistance | 15.916 | None | \$ 6,090 |
| Total National Park Service | | | <u>6,090</u> |
| United States Department of Transportation | | | |
| Passed through Louisiana Department of Transportation and Development Recreational Trails Program | 20.219 | H.014325 | 85,233 |
| Total United States Department of Transportation | | | <u>85,233</u> |
| United States Department of Treasury | | | |
| Passed through the State of Louisiana Coronavirus State and Local Fiscal Recovery Funds | 21.027 | None | 516,646 * |
| Total United States Department of Treasury | | | <u>516,646</u> |
| United States Department of Homeland Security / Federal Emergency Management Agency | | | |
| Passed through Governor's Office of Homeland Security and Emergency Preparedness Disaster Grants - Public Assistance | 97.036 | None | 210,659 |
| Total United States Department of Homeland Security / Federal Emergency Management Agency | | | <u>210,659</u> |
| Environmental Protection Agency | | | |
| Passed through the Lake Pontchartrain Basin Foundation Geographic Programs - Lake Pontchartrain Basic Restoration Program | | | |
| 2019 Sanitary Sewer Study and Project Design | 66.125 | 58562P | 16,451 |
| 2020 Sanitary Sewer Study and Project Design | 66.125 | 58563U | 32,592 |
| Total Environmental Protection Agency | | | <u>49,043</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 867,671</u> |

See independent auditor's report.

TOWN OF MADISONVILLE, LOUISIANA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1. Basis of Presentation

The schedule of expenditures of federal awards includes the grant activity of the Town of Madisonville and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Indirect Cost Rate

The Town did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Part I - Summary of Auditor's Results

Financial Statements

| | |
|--|---------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified? | None Reported |
| c. Noncompliance material to the financial statements? | Yes |

Federal Awards

| | |
|---|---------------|
| 1. Internal control over major programs | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditor's report issued on compliance for each major program | Unmodified |
| 3. Audit findings disclosed that are required in accordance with the Uniform Guidance | No |
| 4. Identification of major programs | |
| 21.027 - Coronavirus State and Local Fiscal Recovery Funds | |
| 5. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Financial Statement Findings

None.

Findings - Compliance and Other Matters

2023-001 Noncompliance With Fiscal Agency and Cash Management Laws

Criteria: Louisiana Revised Statute 39:1221 requires that local depositing authorities shall obtain additional security for deposits in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Condition: Deposits were exposed to credit risk due to inadequate collateralization of bank deposits in excess of FDIC coverage.

Cause: Lack of controls or procedures to ensure that all depository institutions in which Town funds are held are providing additional security for deposits in excess of FDIC coverage.

Effect: Public funds were exposed to credit risk.

Recommendation: Implementation of controls or procedures to ensure that all depository institutions in which Town funds are held are providing additional security for deposits in excess of FDIC coverage.

Management's Response: Management will institute procedures to monitor the collateralization of bank deposits and will notify banks when deposits exceed FDIC coverage and collateral.

TOWN OF MADISONVILLE, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Financial Statement Findings

None

Findings - Compliance and Other Matters

None

AGREED-UPON PROCEDURES REPORT

Town of Madisonville, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2022 - June 30, 2023

To the Honorable Mayor Jean Pelloat
And Member of the Board of Aldermen of
the Town of Madisonville, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the Town of Madisonville, Louisiana's (the Town) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2022 through June 30, 2023. The Town's management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year July 1, 2022 through June 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.
 - iii. **Disbursements**, including processing, reviewing, and approving.

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- iv. **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).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions identified as a result of the procedures performed.

2) Board or Finance Committee

- A. 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:
 - i. 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.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions identified as a result of the procedures performed.

3) Bank Reconciliations

- A. Obtain a listing of entity 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 each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a 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
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions identified as a result of the procedures performed.

4) Collections (excluding electronic funds transfers)

- A. 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).

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions identified as a result of the procedures performed.

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

- A. 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).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*
- C. For each location selected under procedure #5A 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:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions identified as a result of the procedures performed.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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:
 - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: As a result of performing the above procedures, we identified three credit card transactions which lacked supporting receipts and written documentation of the business/public purpose. No other exceptions identified.

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

- A. 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 and 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:
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. 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 Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions identified as a result of the procedures performed.

8) Contracts

- A. 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. *Alternatively, 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:
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. 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.

Results: No exceptions identified as a result of the procedures performed.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions identified as a result of the procedures performed.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: No exceptions identified as a result of the procedures performed.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No exceptions identified as a result of the procedures performed.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. 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.

Results: No exceptions identified as a result of the procedures performed.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results: No exceptions identified as a result of the procedures performed.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results 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 Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA
November 6, 2023

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-Upon Procedures

The management of the Town of Madisonville, Louisiana wishes to provide the following responses relative to the results of the 2023 Statewide agreed-upon procedures engagement:

1. In response to the results of the Credit Cards section, we will ensure that receipts and documentation of public purpose is obtained for each future credit card charge.

Town of Madisonville, Louisiana



Mayor Jean Pellot