

TOWN OF MARINGOUIN, LOUISIANA

FINANCIAL STATEMENTS

September 30, 2016

TOWN OF MARINGOUIN, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Maringouin, Louisiana, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Maringouin, Louisiana, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability and schedule of pension contributions on pages 3 through 12 and 58 through 63 be presented to supplement the basic financial statements. Such information; although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Maringouin, Louisiana's basic financial statements. The accompanying water and sewer system schedule, schedule of insurance in force, schedule of mayor and town council and schedule of compensation, benefits and other payments to agency head on pages 64 through 67 are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017, on our consideration of the Town of Maringouin, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Maringouin, Louisiana's internal control over financial reporting and compliance.

Diaz, Dupuy + Ruiz

March 31, 2017
Gonzales, Louisiana

TOWN OF MARINGOUIN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Town of Maringouin's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Town's financial statements, which begin on page 14. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

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

FINANCIAL HIGHLIGHTS

In 2016 the Town of Maringouin experienced an increase in overall revenues during 2016 relative to prior year. The increase was primarily a result of grants related to capital projects which were financed through a federal assistance program.

The major financial highlights for 2016 are as follows.

- Assets of the Town's primary government exceeded its liabilities at the close of the year by approximately \$7.5 million (net position). Of this amount, approximately \$467,000 (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by approximately \$449,000 during 2016.
- Governmental activities' net position increased by approximately \$875,000, mainly due to increases in capital grants and contributions, and sales tax collections.
- Business-type net position decreased by approximately \$426,000.
- As of the end of the year, the primary government's governmental funds reported combined fund balances of approximately \$3.1 million. Approximately 7% of the fund balances, \$233,000, is restricted for fire protection activities. Additionally, \$164,000 is restricted for debt service relate the construction of the new town governmental complex.

Significant aspects of the Town's financial well-being as of and for the year ended September 30, 2016, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

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

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

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

Reporting on the Town as a Whole

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

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

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

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

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

At September 30, 2016, the Town's net position was \$7.5 million, of which \$467,000 was unrestricted. Restricted net positions are reported separately to show legal constraints from debt covenants and enabling legislation that limits the Town's ability to use those net positions for day-to-day operations.

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

Town of Maringouin, Louisiana
Statement of Net Position
September 30, 2016 and 2015
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 3,447	\$ 3,602	\$ 393	\$ 491	\$ 3,840	\$ 4,093
Deferred outflows of resources	123	115	166	141	289	256
Capital assets	<u>2,597</u>	<u>1,385</u>	<u>6,569</u>	<u>6,818</u>	<u>9,166</u>	<u>8,203</u>
Total assets and deferred outflows of resources	<u>\$ 6,167</u>	<u>\$ 5,102</u>	<u>\$ 7,128</u>	<u>\$ 7,450</u>	<u>\$ 13,295</u>	<u>\$ 12,552</u>
Current and other liabilities	461	220	1,796	1,665	2,257	1,885
Deferred inflows of resources	16	17	28	23	44	40
Long-term liabilities	<u>1,303</u>	<u>1,353</u>	<u>2,208</u>	<u>2,238</u>	<u>3,511</u>	<u>3,591</u>
Total liabilities and deferred inflows of resources	<u>1,780</u>	<u>1,590</u>	<u>4,032</u>	<u>3,926</u>	<u>5,812</u>	<u>5,516</u>
Net position:						
Net investment in capital assets	1,623	1,136	4,835	5,006	6,458	6,142
Restricted	397	240	163	154	560	394
Unrestricted (deficit)	<u>2,367</u>	<u>2,136</u>	<u>(1,900)</u>	<u>(1,636)</u>	<u>467</u>	<u>500</u>
Total net position	<u>\$ 4,387</u>	<u>\$ 3,512</u>	<u>\$ 3,098</u>	<u>\$ 3,524</u>	<u>\$ 7,485</u>	<u>\$ 7,036</u>

The net position of the Town's governmental activities increased by \$875,000 during 2016. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. The \$2.4 million in unrestricted net position of governmental activities represents the accumulated results of operations, or the residual that would remain after the Town paid off all its the debt. The changes in net position are discussed later in this analysis.

The net position of the Town's business-type activities decreased by approximately 12%, or \$426,000 during 2016, an improvement when compared to 2015 due to increases in operating grants and contributions and decreases in utility operations expenses. The Town operates natural gas, water distribution, and wastewater treatment systems. The primary focus of this activity is to operate on a profitable basis.

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

Town of Maringouin, Louisiana
Changes in Net Position
September 30, 2016 and 2015
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 101	\$ 108	\$ 689	\$ 680	\$ 790	\$ 788
Operating grants and contributions	9	10	-	-	9	10
Capital grants and contributions	345	-	85	30	430	30
General revenues:						
Sales taxes	1,695	1,429	-	-	1,695	1,429
Ad valorem taxes	18	17	-	-	18	17
Other general revenues	59	42	2	-	61	42
Total revenues	<u>2,227</u>	<u>1,606</u>	<u>776</u>	<u>710</u>	<u>3,003</u>	<u>2,316</u>
Functions/Program expenses:						
General government	414	448	-	-	414	448
Public safety	413	616	-	-	413	616
Roads and streets	496	535	-	-	496	535
Utility operations	-	-	1,134	1,182	1,134	1,182
Interest on long-term debt	29	27	68	74	97	101
Total expenses	<u>1,352</u>	<u>1,626</u>	<u>1,202</u>	<u>1,256</u>	<u>2,554</u>	<u>2,882</u>
Increase (decrease) in net position	875	(20)	(426)	(546)	449	(566)
Beginning net position	<u>3,512</u>	<u>3,532</u>	<u>3,524</u>	<u>4,070</u>	<u>7,036</u>	<u>7,602</u>
Ending net position	<u>\$ 4,387</u>	<u>\$ 3,512</u>	<u>\$ 3,098</u>	<u>\$ 3,524</u>	<u>\$ 7,485</u>	<u>\$ 7,036</u>

The increase in the primary government net position between 2016 and 2015 largely relates to an increase in capital grants and contributions, increases in sales tax collections, and reductions in public safety and roads and street expenditures.

Fund Financial Statements

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

Reporting the Town's Most Significant Funds

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

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

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

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

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

Financial Analysis of the Government’s Funds

The general government operations of the Town are accounted for in the General Fund and Special Revenue Fund entitled the Fire Protection Fund. The focus of these funds, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. The following is a summary of general governmental operations for 2016 and 2015 by fund type:

	(in thousands)			
	2016		2015	
	General Fund	Special Revenue Fund	Totals	Totals
Revenues and other financing sources	\$ 1,842	\$ 194	\$ 2,036	\$ 2,600
Expenditures	<u>2,285</u>	<u>144</u>	<u>2,429</u>	<u>1,430</u>
Net change in fund balance	(443)	50	(393)	1,170
Beginning of year	<u>3,356</u>	<u>183</u>	<u>3,539</u>	<u>2,369</u>
Ending of year	<u>\$ 2,913</u>	<u>\$ 233</u>	<u>\$ 3,146</u>	<u>\$ 3,539</u>

The Town’s governmental funds experienced a decrease in fund balance of \$393,000 during 2016, primarily due to capital outlay expenditures. At year end, fund balances were approximately \$3.1 million. Approximately \$233,000 has been restricted for funding fire protection activities and \$164,000 for debt service. Of the remaining fund balance, \$2.7 million is unassigned and available for utilization at the Town’s discretion. The unassigned fund balance is accounted for in the Town’s General Fund.

The General Fund is the chief operating fund of the Town. At the end of the 2016 fiscal year the General Fund’s total assets were approximately \$3.2 million, of which approximately \$1.1 million are cash and cash equivalents and investments. During 2016, the fund balance of the General Fund decreased by approximately \$443,000. This variation is primarily due to an increase in capital outlay related to the construction of a new governmental complex.

The Town's other major fund is the Fire Protection Fund, which is a special revenue fund. This fund balance increased by approximately \$50,000 during 2016, primarily due to an increase in sales tax and intergovernmental revenues when compared to 2015.

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

<u>Revenue by source</u>	(in thousands)			
	2016		2015	
	Amount	Percent	Amount	Percent
Taxes	\$ 1,745	86.5	\$ 1,473	92.2
Licenses and permits	50	2.5	60	3.8
Intergovernmental	161	8.0	10	0.6
Other	62	3.0	55	3.4
Total	<u>\$ 2,018</u>	<u>100.0</u>	<u>\$ 1,598</u>	<u>100.0</u>

Revenues of the primary government for general governmental fund types for 2016 totaled \$2.0 million compared with \$1.6 million for 2015. The most significant increase were in intergovernmental revenues of \$151,000 and taxes of \$272,000.

Expenditures of the governmental funds increased by approximately \$1 million in 2016. Expenditures, by each major function, are summarized in the following table.

<u>Expenditure by function</u>	(in thousands)			
	2016		2015	
	Amount	Percent	Amount	Percent
General government	\$ 369	15.2	\$ 373	26.1
Public safety	307	12.7	429	30.0
Roads and streets	361	14.9	372	26.0
Debt service	117	4.7	54	3.8
Capital outlay	1,275	52.5	202	14.1
Total	<u>\$ 2,429</u>	<u>100.0</u>	<u>\$ 1,430</u>	<u>100.0</u>

The largest increase in spending of about \$1 million was related to capital outlay expenditures. The Town's public safety expenditures decreased by \$120,000 in 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Town's General Fund budget was amended. The amendment of the operating and capital budgets is a customary practice of the Town and is reflective of the financial changes that occur throughout the fiscal year. The most significant reasons for these budget amendments during 2016 were as follows:

- To reflect a decrease in sales and use tax by \$125,000,
- An decrease to license and permits by \$24,500,
- An increase to general government expenditures by \$83,100,
- A decrease to capital outlay expenditures by \$151,500,
- A decrease to public safety expenditures by \$58,500, and
- An increase to debt service expenditures by \$27,000.

With these adjustments, the actual charges to appropriations (expenditures) were \$30,000 more than the related final budget appropriations of \$2.3 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016 the Town had \$9.2 million invested in a broad range of capital assets, including vehicles, fire equipment, computer equipment, office furniture, land, buildings, roads, and utility systems. This amount represents a net increase of approximately \$964,500, or approximately 12%, over last year and is related primarily to equipment purchases and capital projects net of current year depreciation. The Town's capital assets, net of depreciation, at September 30, 2016 were as follows:

	Governmental Activities	Business-type Activities	Totals
Land	\$ 623	\$ 9	\$ 632
Buildings	68	1	69
Equipment and vehicles	378	89	467
Utility plant	-	6,469	6,469
Infrastructure	309	-	309
Construction in progress	1,220	-	1,220
Total assets, net of depreciation	\$ 2,598	\$ 6,568	\$ 9,166

The Town's final 2016 capital outlay budget provided for expenditures of \$963,500, primarily for equipment purchases and facility and street improvements. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

Debt

At year-end the Town had approximately \$3.7 million in long-term debt outstanding, comparable to the previous year, as shown below:

	Balance			Balance
	9/30/2015	Additions	Reductions	9/30/2016
Revenue bonds	\$ 2,725,280	\$ -	\$ 107,094	\$ 2,618,186
Capital leases	224,448	-	56,488	167,960
Claims payable	60,184	-	-	60,184
Net pension liability	804,939	89,773	-	894,712
	<u>\$ 3,814,851</u>	<u>\$ 89,773</u>	<u>\$ 163,582</u>	<u>\$ 3,741,042</u>
Total governmental				

The state of Louisiana limits the amount of general obligation debt that municipalities can issue to 35% of the assessed value of all taxable property within the Town's corporate limits. The Town's no outstanding general obligation debt that would count against the \$1.4 million state-imposed limit. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town's elected and appointed officials considered many factors when setting the 2017 fiscal year budget and tax rates, including the national and state economies. The largest taxpayers to the Town are primarily companies involved in the oil refining and petrochemical processing sectors which are located throughout Iberville Parish. The spending activities of these industries can significantly impact the Town's sales and use tax revenues.

A second important factor affecting the budget is the Town's sales tax collections, which are approximately 47.5% of total budgeted revenues. The Town believes that sales tax revenues should decrease in 2017 by 23.6% compared to actual collections in 2016. The 2017 operating budget expenditures are projected to decrease by 2.4% for the public safety and 39.7% for the capital outlay functions of the Town. For 2017, revenues are budgeted at \$2.7 million while expenditures are expected to be \$3 million. If these estimates are realized, the Town's budgetary fund balance of the General Fund is expected to decrease by approximately \$300,000 at the close of the 2017 fiscal year.

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF MARINGOUIN, LOUISIANA
STATEMENT OF NET POSITION

September 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,212,246	\$ 5,575	\$ 1,217,821
Investments	100,415	-	100,415
Due from other government	385,537	-	385,537
Accounts receivable, net	13,440	74,758	88,198
Grants receivable	8,618	30,499	39,117
Prepaid expenses	12,789	-	12,789
Internal balances	1,550,000	(1,550,000)	-
Restricted assets	164,102	281,768	445,870
Capital assets:			
Non-depreciable	1,843,279	8,852	1,852,131
Depreciable, net	754,147	6,559,996	7,314,143
Total assets	6,044,573	5,411,448	11,456,021
DEFERRED OUTFLOWS OF RESOURCES			
Pension liability	122,895	166,991	289,886
Total assets and deferred outflows of resources	\$ 6,167,468	\$ 5,578,439	\$ 11,745,907
LIABILITIES			
Accounts payable	\$ 22,411	\$ 21,981	\$ 44,392
Contracts payable	264,529	16,591	281,120
Accrued expenses	23,706	8,965	32,671
Customer deposits	-	118,320	118,320
Noncurrent liabilities:			
Due within one year	150,840	79,712	230,552
Due in more than one year	1,302,990	2,207,500	3,510,490
Total liabilities	1,764,476	2,453,069	4,217,545
DEFERRED INFLOWS OF RESOURCES			
Pension liability	15,503	27,600	43,103
Total liabilities and deferred inflows of resources	1,779,979	2,480,669	4,260,648
NET POSITION			
Net investment in capital assets	1,622,640	4,834,575	6,457,215
Restricted for:			
Debt service	164,102	163,448	327,550
Fire protection	233,371	-	233,371
Unrestricted	2,367,376	(1,900,253)	467,123
Total net position	4,387,489	3,097,770	7,485,259
Total liabilities and net position	\$ 6,167,468	\$ 5,578,439	\$ 11,745,907

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

TOWN OF MARINGOUIN, LOUISIANA
STATEMENT OF ACTIVITIES

For the year ended September 30, 2016

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government:							
Governmental activities:							
General government	\$ 414,473	\$ 63,100	\$ -	\$ 337,306	\$ (14,067)	\$ -	\$ (14,067)
Public safety:							
Police	244,128	30,686	-	-	(213,442)	-	(213,442)
Fire	168,817	-	9,049	7,311	(152,457)	-	(152,457)
Roads and streets	495,587	7,621	-	-	(487,966)	-	(487,966)
Interest on long-term debt	29,147	-	-	-	(29,147)	-	(29,147)
Total governmental activities	<u>1,352,152</u>	<u>101,407</u>	<u>9,049</u>	<u>344,617</u>	<u>(897,079)</u>	<u>-</u>	<u>(897,079)</u>
Business-type activities:							
Utility operations	<u>1,201,449</u>	<u>688,655</u>	<u>-</u>	<u>84,881</u>	<u>-</u>	<u>(427,913)</u>	<u>(427,913)</u>
Total primary government	<u>\$ 2,553,601</u>	<u>\$ 790,062</u>	<u>\$ 9,049</u>	<u>\$ 429,498</u>	<u>(897,079)</u>	<u>(427,913)</u>	<u>(1,324,992)</u>
General revenues:							
Taxes:							
Sales and use					1,695,251	-	1,695,251
Insurance premium					31,277	-	31,277
Ad valorem					17,477	-	17,477
Other					1,870	-	1,870
Grants and contributions not restricted to specific programs					15,090	-	15,090
Investment earnings					2,507	1,682	4,189
Gain on sale of capital assets					8,925	-	8,925
Total general revenues					<u>1,772,397</u>	<u>1,682</u>	<u>1,774,079</u>
Change in net position					875,318	(426,231)	449,087
NET POSITION							
Beginning of year					<u>3,512,171</u>	<u>3,524,001</u>	<u>7,036,172</u>
Ending of year					<u>\$ 4,387,489</u>	<u>\$ 3,097,770</u>	<u>\$ 7,485,259</u>

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

TOWN OF MARINGOUIN, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2016

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,005,061	\$ 207,185	\$ 1,212,246
Investments	100,415	-	100,415
Due from other government	369,486	16,051	385,537
Accounts receivable, net	13,440	-	13,440
Grants receivable	8,618	-	8,618
Prepaid insurance	2,654	10,135	12,789
Restricted assets	164,102	-	164,102
Due from other funds	<u>1,550,000</u>	<u>-</u>	<u>1,550,000</u>
 Total assets	 <u>\$ 3,213,776</u>	 <u>\$ 233,371</u>	 <u>\$ 3,447,147</u>
LIABILITIES			
Accounts payable	\$ 22,411	\$ -	\$ 22,411
Contracts payable	264,529	-	264,529
Accrued expenses	<u>14,372</u>	<u>-</u>	<u>14,372</u>
 Total liabilities	 <u>301,312</u>	 <u>-</u>	 <u>301,312</u>
FUND BALANCE			
Restricted for debt service	164,102	-	164,102
Restricted for fire protection	-	233,371	233,371
Unassigned	<u>2,748,362</u>	<u>-</u>	<u>2,748,362</u>
 Total fund balance	 <u>2,912,464</u>	 <u>233,371</u>	 <u>3,145,835</u>
 Total liabilities and fund balance	 <u>\$ 3,213,776</u>	 <u>\$ 233,371</u>	 <u>\$ 3,447,147</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

September 30, 2016

Total fund balances - governmental funds (Exhibit A-2)	\$	3,145,835
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		2,597,426
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases payable	(100,873)	
Claims payable	(60,184)	
Accrued interest	(9,334)	
Deferred outflows related to pension liability	122,895	
Bonds payable	(951,000)	
Net pension liability	(341,773)	
Deferred inflows related to pension liability	(15,503)	(1,355,772)
Net position of governmental activities (Exhibit A)	\$	<u>4,387,489</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2016

	General Fund	Fire Protection Fund	Total Governmental
REVENUES			
Taxes:			
Sales and use	\$ 1,518,501	\$ 176,750	\$ 1,695,251
Insurance premium	31,277	-	31,277
Ad valorem	17,477	-	17,477
Other	1,870	-	1,870
Licenses and permits	49,775	-	49,775
Fines	30,686	-	30,686
Intergovernmental	144,806	16,360	161,166
Lease income	13,325	-	13,325
Investment earnings	2,507	-	2,507
Miscellaneous	<u>15,032</u>	<u>58</u>	<u>15,090</u>
Total revenues	<u>1,825,256</u>	<u>193,168</u>	<u>2,018,424</u>
EXPENDITURES			
Current function:			
General government	368,688	-	368,688
Public safety:			
Police	213,453	-	213,453
Fire	-	93,706	93,706
Roads and streets	361,074	-	361,074
Debt service	95,264	22,052	117,316
Capital outlay	<u>1,246,739</u>	<u>27,782</u>	<u>1,274,521</u>
Total expenditures	<u>2,285,218</u>	<u>143,540</u>	<u>2,428,758</u>
Excess of revenues over expenditures	(459,962)	49,628	(410,334)
OTHER FINANCING SOURCES			
Proceeds from insurance proceeds	7,621	-	7,621
Proceeds from sale of capital assets	<u>8,925</u>	<u>-</u>	<u>8,925</u>
Total other financing sources	<u>16,546</u>	<u>-</u>	<u>16,546</u>
Net change in fund balance	(443,416)	49,628	(393,788)
FUND BALANCE			
Beginning of year	<u>3,355,880</u>	<u>183,743</u>	<u>3,539,623</u>
End of year	<u>\$ 2,912,464</u>	<u>\$ 233,371</u>	<u>\$ 3,145,835</u>

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

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2016

Net change in fund balance - total governmental fund (Exhibit A-4)	\$	(393,788)
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.</p>		
Capital outlay	\$ 1,274,521	
Depreciation and amortization expense	<u>(254,126)</u>	1,020,395
<p>The net effect of a miscellaneous transaction involving the acquisition of donated property increases net position</p>		
Land donation		192,500
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Principal payments on debt		86,239
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest expense		1,930
<p>Changes in net pension obligations are reported only in the Statement of Activities</p>		
		<u>(31,958)</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u>875,318</u>

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

TOWN OF MARINGOUIN, LOUISIANA
PROPRIETARY FUND - PUBLIC UTILITY FUND

STATEMENT OF NET POSITION

September 30, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$	5,575
Accounts receivable, net		74,758
Grants receivable		30,499
Restricted assets		<u>281,768</u>
Total current assets		<u>392,600</u>

Noncurrent assets:

Capital assets:		
Non-depreciable		8,852
Depreciable, net		<u>6,559,996</u>
Total noncurrent assets		<u>6,568,848</u>
Total assets	\$	<u>6,961,448</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension liability		<u>166,991</u>
Total assets and deferred inflows of resources	\$	<u>7,128,439</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	21,981
Contracts payable		16,591
Accrued expenses		8,965
Customer deposits		118,320
Due to other funds		1,550,000
Current portion of long-term debt		<u>79,712</u>
Total current liabilities		<u>1,795,569</u>

Noncurrent liabilities:

Long-term debt		1,654,561
Net pension liability		<u>552,939</u>
Total noncurrent liabilities		<u>2,207,500</u>
Total liabilities		4,003,069

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension liability		<u>27,600</u>
Total liabilities and deferred inflows of resources		<u>4,030,669</u>

NET POSITION (DEFICIT)

Net investment in capital assets		4,834,575
Restricted for debt service		163,448
Unrestricted		<u>(1,900,253)</u>
Total net position		<u>3,097,770</u>
Total liabilities and net position	\$	<u>7,128,439</u>

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

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

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

For the year ended September 30, 2016

OPERATING REVENUES

Charges for services:

Gas sales	\$ 212,946
Water sales	311,260
Sewer user fees	138,658
Other	<u>25,791</u>

Total operating revenues	<u>688,655</u>
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OPERATING EXPENSES

Personnel	308,757
Depreciation and amortization	368,883
Repairs and maintenance	247,184
Gas purchases	60,383
Professional services	58,600
Utilities	42,917
Insurance	28,302
Billing supplies	10,953
Other	<u>7,877</u>

Total operating expenses	<u>1,133,856</u>
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Operating loss	(445,201)
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NONOPERATING

Interest income	1,682
Interest expense	<u>(67,593)</u>

Total nonoperating, net	<u>(65,911)</u>
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Loss before capital grants and contributions	(511,112)
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CAPITAL GRANTS AND CONTRIBUTIONS

	<u>84,881</u>
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Net loss	(426,231)
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NET POSITION

Beginning of year	<u>3,524,001</u>
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End of year	<u>\$ 3,097,770</u>
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Notes on Exhibit A-9 are an integral part of this statement.

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

STATEMENT OF CASH FLOWS

For the year ended September 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 660,364
Payments to suppliers	(496,164)
Payments to employees	(279,029)
	<u>(114,829)</u>
Net cash used by operating activities	<u>(114,829)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Changes in customer meter deposits and restricted assets	(9,473)
Increase in due to other funds	200,000
	<u>190,527</u>
Net cash provided by noncapital financing activities	<u>190,527</u>

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

Proceeds from capital grants	98,950
Capital asset additions	(143,858)
Principal paid on long-term debt	(77,343)
Interest paid on long-term debt	(67,593)
	<u>(189,844)</u>
Net cash used by capital and related financing activities	<u>(189,844)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	1,682
	<u>1,682</u>
Net cash provided by investing activities	<u>1,682</u>
Net decrease in cash	(112,464)

CASH AND CASH EQUIVALENTS

Beginning of period	118,039
	<u>118,039</u>
End of period	<u>\$ 5,575</u>

RECONCILIATION OF OPERATING LOSS TO

NET CASH USED FOR OPERATING ACTIVITIES:

Operating loss	\$ (445,201)
Adjustments to operating loss:	
Decrease to allowance for doubtful accounts	19,438
Depreciation and amortization	368,883
Change in operating assets and liabilities:	
Accounts receivable	(47,729)
Prepaid assets	13,862
Accounts payable and accrued liabilities	(52,270)
Net pension liability and related deferred inflows and outflows	<u>28,188</u>
Net cash used for operating activities	<u>\$ (114,829)</u>

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

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

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

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

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

Reporting Entity

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

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

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

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government (the Town) and the fund financial statements (individual major funds and combined non-major funds). In 2016, there were no non-major funds. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

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

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

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

Accounts Receivable

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. For governmental activities uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. In business-type activities, uncollectible amounts due from sewer billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$190,755 was recorded at September 30, 2016.

Inventories

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

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

Interfund Receivables and Payables

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

Capital Assets

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

Government-wide Statements

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

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

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

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

Utility system	10-40 years
Buildings and structures	15-25 years
Equipment and Vehicles	5-10 years
Infrastructure	20 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Fund Financial Statements

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

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

Capitalized Interest

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

Long-term Debt

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

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

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

Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

Government-wide and Proprietary Fund Net Position

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

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

Governmental Fund Balances

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Resources

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

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

Interfund Transfers

Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. No interfund transfers have been made by the Town during 2016.

Deferred Outflows an Inflows of Resources

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

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

Budget Policies and Budgetary Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policies and Budgetary Accounting (Continued)

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

Estimates

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

Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, the date the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2016, the Town's deposits were not adequately secured by the pledge of securities and therefore are exposed to custodial risk.

As of September 30, 2016, the Town had a balance of \$551,284 invested in Louisiana Asset Management Pool (LAMP).

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

LAMP is an investment pool with the following characteristics:

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

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

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

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

Restricted Cash and Investments

Certain cash and investment deposit balances are restricted in that they comprise reserves that are required to be maintained under various bond indentures. See also Note 7. The following is a schedule of restricted cash and investment balances at September 30, 2016:

Primary Government	Amount
Capital outlay - municipal complex	\$ 117,710
Customer deposits	118,320
Debt service	209,840
Total	\$ 445,870

NOTE 3 - DUE FROM OTHER GOVERNMENTS AND GRANTS RECIEVABLE

Due from other governments at September 30, 2016, consists of amounts due from the Parish of Iberville for sales tax of \$385,537. Grants receivable consist of \$22,070 from the State of Louisiana's Division of Administration for construction and utility improvement projects and \$17,047 from a private grant for a utility relocation project.

NOTE 4 - AD VALOREM TAXES

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

(Continued)

NOTE 4 - AD VALOREM TAXES (CONTINUED)

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

The property tax calendar is as follows:

Millage rates adopted	July 21, 2015
Levy date	July 21, 2015
Due date	December 31, 2015
Lien date	January 1, 2016
Collection dates	December 1, 2015 to February 28, 2016

For the year ended September 30, 2016, taxes of 4.22 mills were levied for general government and public purposes on property with assessed valuations totaling \$4,139,430. Total taxes levied and collected were \$17,468 and \$17,477, respectively. Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year, and become delinquent thereafter.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS

As of September 30, 2016, the Public Utility Fund owed the General Fund \$1,550,000. There were no operating transfers between funds in the 2016 fiscal year.

(Continued)

NOTE 6 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 430,515	\$ 192,500	\$ -	\$ 623,015
Construction in progress	<u>118,874</u>	<u>1,101,390</u>	<u>-</u>	<u>1,220,264</u>
Total capital assets not being depreciated	<u>549,389</u>	<u>1,293,890</u>	<u>-</u>	<u>1,843,279</u>
Capital assets being depreciated:				
Buildings and improvements	608,699	18,227	-	626,926
Equipment and vehicles	2,312,782	142,939	61,361	2,394,360
Infrastructure	<u>1,325,665</u>	<u>11,965</u>	<u>-</u>	<u>1,337,630</u>
Total capital assets being depreciated	<u>4,247,146</u>	<u>173,131</u>	<u>61,361</u>	<u>4,358,916</u>
Less accumulated depreciation for:				
Buildings and improvements	547,476	10,639	-	558,115
Equipment and vehicles	1,904,476	174,667	61,361	2,017,782
Improvements other than buildings	-	-	-	-
Infrastructure	<u>960,052</u>	<u>68,820</u>	<u>-</u>	<u>1,028,872</u>
Total accumulated depreciation	<u>3,412,004</u>	<u>254,126</u>	<u>61,361</u>	<u>3,604,769</u>
Total capital assets, being depreciated, net	<u>835,142</u>	<u>(80,995)</u>	<u>-</u>	<u>754,147</u>
Governmental activities capital assets, net	<u>\$1,384,531</u>	<u>\$1,212,895</u>	<u>\$ -</u>	<u>\$2,597,426</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,852	\$ -	\$ -	\$ 8,852
Capital assets being depreciated:				
Utility plant	10,384,086	120,451	-	10,504,537
Buildings	26,800	-	-	26,800
Equipment and vehicles	<u>459,363</u>	<u>-</u>	<u>-</u>	<u>459,363</u>
Total capital assets being depreciated	<u>10,870,249</u>	<u>120,451</u>	<u>-</u>	<u>10,990,700</u>
Less accumulated depreciation for:				
Utility plant	3,711,261	323,630	-	4,034,891
Buildings	24,947	444	-	25,391
Equipment and vehicles	<u>325,613</u>	<u>44,809</u>	<u>-</u>	<u>370,422</u>
Total accumulated depreciation	<u>4,061,821</u>	<u>368,883</u>	<u>-</u>	<u>4,430,704</u>
Total capital assets being depreciated, net	<u>6,808,428</u>	<u>(248,432)</u>	<u>-</u>	<u>6,559,996</u>
Business-type activities capital assets, net	<u>\$6,817,280</u>	<u>\$ (248,432)</u>	<u>\$ -</u>	<u>\$6,568,848</u>

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

General government	\$	33,842
Police		16,276
Fire		75,111
Road and streets		<u>128,897</u>
 Total depreciation expense - governmental activities	 \$	 <u>254,126</u>

Capital Leases

The Town has acquired various equipment under capital lease obligations. The lease payments relating to the equipment have been capitalized and included in equipment on the accompanying government-wide financial statements. The leased equipment has a cost of \$293,418 and \$136,057, which has been recorded in the governmental activities and business-type activities, respectively. Accumulated amortization recognized on the leases as of September 30, 2016, was \$254,448 and \$103,145 in the governmental activities and business-type activities, respectively.

NOTE 7 - LONG-TERM DEBT

Debt Outstanding

The following is a summary of debt transactions of the Town for the year ended September 30, 2016:

	Balance		Balance	Due within
	9/30/2015	Additions	9/30/2016	One Year
Governmental activities:				
Claims payable	\$ 60,184	\$ -	\$ 60,184	\$ 60,184
2014 Sales Tax Revenue Bond	1,000,000	-	951,000	52,000
Net pension liability	301,150	40,623	341,773	-
Capital leases	<u>138,112</u>	<u>-</u>	<u>100,873</u>	<u>38,656</u>
Total governmental	<u>1,499,446</u>	<u>40,623</u>	<u>1,453,830</u>	<u>150,840</u>
Business-type activities:				
2000 Sewer System Revenue Bond	\$ 442,058	\$ -	\$ 432,164	\$ 10,347
2005 Sewer Revenue Bond	463,222	-	455,022	8,544
2013 Water Revenue Refunding Bond	820,000	-	780,000	41,000
Net pension liability	503,789	49,150	552,939	-
Capital leases	<u>86,336</u>	<u>-</u>	<u>67,087</u>	<u>19,821</u>
Total business-type	<u>2,315,405</u>	<u>49,150</u>	<u>2,287,212</u>	<u>79,712</u>
Total long-term debt	<u>\$ 3,814,851</u>	<u>\$ 89,773</u>	<u>\$ 3,741,042</u>	<u>\$ 230,552</u>

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Long-term debt obligations for the primary government at September 30, 2016, are comprised of the following:

Governmental Activities

Claims payable- FEMA (see Note 11)	\$ 60,184
Capital lease payable in monthly payments of \$1,150, maturing April 2020, bearing interest of 2.93%, collateralized by equipment.	46,899
Capital lease payable in 10 annual payments of \$22,052, maturing April 2018, bearing interest of 4%, collateralized by a vehicle.	41,597
Capital lease payable in monthly payments of \$512, maturing October 2018, bearing interest of 4.910%, collateralized by equipment.	12,377
\$1,000,000 Sales tax bond secured by a pledge and dedication of sales tax revenues, due in annual installments of various amounts through November 1, 2029; interest at 2.69%.	951,000
Net pension liability	<u>341,773</u>
Total long-term debt from governmental activities	<u>\$ 1,453,830</u>

(Continued)

NOTE 7- LONG-TERM DEBT (CONTINUED)

Enterprise Fund

Revenue Bonds:

\$900,000 Water Revenue Bonds secured by a pledge and dedication of sewer revenues, due in annual installments of various amounts through January 1, 2031; interest at 3.38%.	\$ 780,000
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\$543,000 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,465 through August 23, 2040; interest at 4.5%.	432,164
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\$525,000 Bond Anticipation Note secured by a pledge and dedication of sewer revenues, due in monthly installments of \$2,263 through April 23, 2045; interest at 4.12%.	455,022
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Capital Leases:

Capital lease payable in monthly payments of \$938, maturing December 2019, bearing interest of 2.93%, collateralized by a equipment.	34,865
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Capital lease payable in monthly payments of \$685, maturing December 2019, bearing interest of 2.93%, collateralized by a equipment.	24,860
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Capital lease payable in monthly payments of \$169, maturing July 2020, bearing interest of 2.93%, collateralized by a equipment.	7,362
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Net pension liability	<u>552,939</u>
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Total long-term debt from business-type activities	<u><u>\$ 2,287,212</u></u>
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NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions

2000 Sewer Revenue Bond

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

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sewer Revenue Bond and Interest Sinking Funds require monthly transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$237. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$44,954.
4. The Sewer Contingency Fund requires monthly transfers of \$237. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond Fund or Sewer Revenue Bond Reserve Fund. The current balance of the fund is \$28,148.

2013 Water Revenue Refunding Bond

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

1. The Water Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Funds require monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$43,651.
3. The Water Reserve Fund required a deposit equal to the highest combined principal and interest falling due in any year. This fund is restricted to payment of principal and interest in case of default. The current balance of the fund is \$34,699.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bond Restrictions (continued)

2013 Water Revenue Refunding Bond (continued)

4. The Water Depreciation and Contingency Fund require monthly transfers of \$315. The fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Water Revenue Bond Fund or Water Revenue Bond Reserve Fund. The current balance of the fund is \$11,996.

2014 Sales Tax Revenue Refunding Bond

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

1. The Sales Tax Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts.
2. The Sales Tax Revenue Bond and Interest Sinking Funds require monthly transfers from the Sales Tax Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds. The current balance of the fund is \$46,392.

The annual requirements to amortize outstanding debt principal and interest as of September 30, 2016, are as follows:

Year ending 9/30/2016	Governmental Activities					
	Capital Leases		Sales Tax Bond		Total Governmental Long-term debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 38,656	\$ 3,348	\$ 52,000	\$ 24,883	\$ 90,656	\$ 28,231
2018	40,129	1,875	54,000	23,457	94,129	25,332
2019	14,115	450	56,000	21,977	70,115	22,427
2020	7,973	79	59,000	20,431	66,973	20,510
2021	-	-	61,000	18,817	61,000	18,817
2022-2026	-	-	342,000	67,707	342,000	67,707
2027-2031	-	-	327,000	18,035	327,000	18,035
	\$ 100,873	\$ 5,752	\$ 951,000	\$ 195,307	\$ 1,051,873	\$ 201,059

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Year ending 9/30/2016	Business-type Activities					
	Capital Leases		Sewer and Water Revenue Bond		Total Business-type Long-term debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 19,820	\$ 1,702	\$ 59,891	\$ 63,521	\$ 79,711	\$ 65,223
2018	20,410	1,113	63,725	61,250	84,135	62,363
2019	21,017	507	65,597	58,874	86,614	59,381
2020	5,840	41	67,507	56,426	73,347	56,467
2021	-	-	70,457	53,887	70,457	53,887
2022-2026	-	-	392,078	227,880	392,078	227,880
2027-2031	-	-	451,005	148,811	451,005	148,811
2032-2036	-	-	197,417	86,262	197,417	86,262
2037-2041	-	-	210,229	39,381	210,229	39,381
2042-2046	-	-	89,280	4,838	89,280	4,838
	<u>\$ 67,087</u>	<u>\$ 3,363</u>	<u>\$ 1,667,186</u>	<u>\$ 801,130</u>	<u>\$ 1,734,273</u>	<u>\$ 804,493</u>

Interest incurred and expensed for the year ended September 30, 2016 is \$96,740.

NOTE 8 - PENSION AND RETIREMENT PLANS

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

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

MERS:	MPERS:
7937 Office Park	7722 Office Park
Boulevard	Boulevard, Suite 200.
Baton Rouge, LA 70809	Baton Rouge, LA 70809
(225) 925-4810	(225) 929-7411
www.mersla.com	www.lampers.org

The Town implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2016, there were 85 contributing municipalities in Plan A and 68 in Plan B. The Town of Maringouin is a participant in Plan A only.

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

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 hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Any member of Plan B who was hired before January 1, 2013 can retire providing the member meets 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 creditable service at death of member.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Plan Descriptions (Continued)

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

Eligibility for requirement for Plan A and Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with 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 side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in services to that age.

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

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 as outlined in the statutes, the benefits are limited to specified amounts.

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

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Plan Descriptions (Continued)

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

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

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five 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 A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Plan Descriptions (Continued)

Municipal Police Employees' Retirement System (MPERS)

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

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 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 creditable service and is age 55. A member is eligible for early retirement after he has been a member of the 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 are 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 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 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 System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Plan Descriptions (Continued)

Municipal Police Employees' Retirement System (MPERS)

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. 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 deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the 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 System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter 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 System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the 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.

Initial Benefit Option Plan In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Funding Policy

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2016, for the Town and covered employees were as follows:

	<u>Town</u>	<u>Employees</u>
Municipal Employees' Retirement System (Plan A)		
Members hired prior to 01/01/2013	19.75%	9.50%
Members hired after 01/01/2013	19.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	31.50%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.50%	8.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.00%	7.50%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Municipal Employees' Retirement System (Plan A)	\$ 75,363	\$ 74,082	\$ 68,207
Municipal Police Employees' Retirement System	<u>3,738</u>	<u>6,997</u>	<u>-</u>
Total	<u>\$ 79,101</u>	<u>\$ 81,079</u>	<u>\$ 68,207</u>

(continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2016 measurement date. The Town uses this measurement date to record its Net Pension Liability and associated amounts as of September 30, 2016 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 rate. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2016	Rate at June 30, 2016	Increase (Decrease) on June 30, 2015 Rate
Municipal Employees' Retirement System (Plan A)	\$ 841,006	0.2052%	-0.0079%
Municipal Police Employees' Retirement System	53,706	0.0057%	0.0001%
	\$ 894,712		

The following schedule list each pension plan's recognized net pension expense of the Town for the year ended September 30, 2016:

	Total
Municipal Employees' Retirement System (Plan A)	\$ 45,747
Municipal Police Employees' Retirement System	14,399
	\$ 60,146

(continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

At September 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27,439
Changes of assumptions	33,225	3
Net difference between projected and actual earnings on pension plan investments	200,327	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	26,441	15,661
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	29,893	-
	\$ 289,886	\$ 43,103

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' System (Plan A)	\$ 255,214	\$ 42,246
Municipal Police Employees' Retirement Fund	34,672	857
	\$ 289,886	\$ 43,103

The Town reported a total of \$29,893 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in net pension liability in the year ended September 30, 2017. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' System (Plan A)	\$ 28,654
Municipal Police Employees' Retirement Fund	1,239
	\$ 29,893

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

<u>Year</u>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
2017	\$ 68,492	\$ 13,857	\$ 82,349
2018	38,143	14,078	52,221
2019	71,908	3,701	75,609
2020	34,424	2,182	36,606
	<u>\$ 212,967</u>	<u>\$ 33,817</u>	<u>\$ 246,784</u>

Actuarial Assumptions

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

	<u>Valuation Date</u>	<u>Expected Remaining Service Lives</u>	<u>Investment Rate of Return, net</u>
MERS	June 30, 2016	3 years	7.50%
MPERS	June 30, 2016	4 years	7.50%

Mortality:

MERS

Mortality rates based on the RP-2000 Sex Distinct Mortality Table.

MPERS

Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2003 through June 30, 2008. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. The RP- 2000 Disabled Lives Mortality Table was selected for disabled annuitants.

(continued)

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Salary Increases:

MERS

5.0% (2.875% Inflation, 2.125% Merit).

MPERS

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

Cost of Living Adjustments:

MERS

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

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

MPERS

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

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

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

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

MERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.60% for the year ended June 30, 2016.

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.25% for the year ended June 30, 2016.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2016:

Asset Class	Target Allocation		Long - Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public Equity	50%	-	2.60%	0.00%
Equity	-	53%	0.00%	3.69%
Public Fixed Income	35%	-	1.80%	0.00%
Fixed Income	-	21%	0.00%	0.49%
Alternatives	15%	20%	0.80%	1.11%
Other	-	6%	0.00%	0.21%
Total	100%	100%	5.20%	5.29%
Inflation			2.50%	2.75%
Expected Arithmetic Nominal Return			7.60%	8.25%

NOTE 8 - PENSION AND RETIREMENT PLANS (CONTINUED)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.50% and 7.50%, respectively for the year ended June 30, 2016.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS (Plan A)			
Discount Rates	6.5%	7.5%	8.5%
Shares of Net Pension Liability	\$ 1,069,025	\$ 841,006	\$ 646,393
MPERS			
Discount Rates	6.5%	7.5%	8.5%
Shares of Net Pension Liability	\$ 71,595	\$ 53,706	\$ 38,687

(continued)

NOTE 9 - COMPENSATION TO GOVERNING BODY

The following is a schedule of payments to the council members for the fiscal year ended September 30, 2016:

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Suits and Claims

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

Risk Management

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

Grants

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

Construction Contracts

At September 30, 2016, the Town had outstanding commitments from construction contracts for various projects in progress of \$565,580.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF MARINGOUIN, LOUISIANA
GENERAL FUND**

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

For the year ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Sales and use	\$ 1,300,000	\$ 1,175,000	\$ 1,518,501	\$ 343,501
Insurance premium	35,000	35,000	31,277	(3,723)
Ad valorem	16,000	16,000	17,477	1,477
Other	2,500	2,000	1,870	(130)
Licenses and permits	79,700	55,200	49,775	(5,425)
Fines	30,000	30,000	30,686	686
Intergovernmental	67,500	84,250	144,806	60,556
Lease income	-	-	13,325	13,325
Investment earnings	2,000	2,000	2,507	507
Miscellaneous	<u>12,000</u>	<u>3,000</u>	<u>15,032</u>	<u>12,032</u>
Total revenues	<u>1,544,700</u>	<u>1,402,450</u>	<u>1,825,256</u>	<u>422,806</u>
EXPENDITURES				
Current function:				
General government	418,620	501,720	368,688	133,032
Public safety - police	370,900	312,400	213,453	98,947
Roads and streets	371,000	380,500	361,074	19,426
Debt service	70,000	97,000	95,264	1,736
Capital outlay	<u>1,115,000</u>	<u>963,500</u>	<u>1,246,739</u>	<u>(283,239)</u>
Total expenditures	<u>2,345,520</u>	<u>2,255,120</u>	<u>2,285,218</u>	<u>(30,098)</u>
Excess (deficiency) of revenues over expenditures	(800,820)	(852,670)	(459,962)	392,708
OTHER FINANCING SOURCES				
Proceeds from insurance proceeds	-	5,000	7,621	2,621
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>8,925</u>	<u>8,925</u>
Total other financing sources	<u>-</u>	<u>5,000</u>	<u>16,546</u>	<u>11,546</u>
Net change in fund balance	(800,820)	(847,670)	(443,416)	<u>\$ 404,254</u>
FUND BALANCE				
Beginning of year	<u>3,346,565</u>	<u>3,355,880</u>	<u>3,355,880</u>	
End of year	<u>\$ 2,545,745</u>	<u>\$ 2,508,210</u>	<u>\$ 2,912,464</u>	

TOWN OF MARINGOUIN, LOUISIANA
FIRE PROTECTION FUND

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

For the year ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Sales and use tax	\$ 170,000	\$ 150,000	\$ 176,750	\$ 26,750
Intergovernmental	4,000	4,000	16,360	12,360
Miscellaneous	3,000	3,000	58	(2,942)
Total revenues	<u>177,000</u>	<u>157,000</u>	<u>193,168</u>	<u>36,168</u>
EXPENDITURES				
Current function:				
Public safety - fire	131,200	137,100	93,706	43,394
Debt service	22,051	22,051	22,052	(1)
Capital outlay	20,000	20,000	27,782	(7,782)
Total expenditures	<u>173,251</u>	<u>179,151</u>	<u>143,540</u>	<u>35,611</u>
Net change in fund balance	3,749	(22,151)	49,628	<u>\$ 71,779</u>
FUND BALANCE				
Beginning of year	<u>106,006</u>	<u>183,743</u>	<u>183,743</u>	
End of year	<u>\$ 109,755</u>	<u>\$ 161,592</u>	<u>\$ 233,371</u>	

TOWN OF MARINGOUIN, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended September 30, 2016

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

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

The annual operating budget, prepared on the accrual basis, covers the general, special revenue, debt service and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

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

Basis of Accounting

All of the Town's budgets are prepared on the modified accrual basis of accounting as described in Note 1 to the Town's financial statements for the year ended September 30, 2016.

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

As of the fiscal year ended (2):

	2016	
	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Asset)	0.2052%	0.0057%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 841,006	\$ 53,706
Employer's Covered-Employee Payroll	\$ 371,286	\$ 14,913
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	226.5%	360.1%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.1103%	66.0422%

As of the fiscal year ended (2):

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

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

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

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

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2016	
	<u>MERS (Plan A)</u>	<u>MPERS</u>
Contractually Required Contribution	\$ 73,329	\$ 4,735
Contributions in Relation to Contractually Required Contribution	<u>72,812</u>	<u>4,810</u>
Contribution Deficiency (Excess)	<u>\$ 517</u>	<u>\$ (75)</u>
Employer's Covered Employee Payroll	\$ 371,286	\$ 14,913
Contributions as a % of Covered Employee Payroll	19.7500%	31.7500%
	2015	
	<u>MERS (Plan A)</u>	<u>MPERS</u>
Contractually Required Contribution	\$ 72,588	\$ 4,704
Contributions in Relation to Contractually Required Contribution	<u>72,081</u>	<u>4,700</u>
Contribution Deficiency (Excess)	<u>\$ 507</u>	<u>\$ 4</u>
Employer's Covered Employee Payroll	\$ 367,534	\$ 14,933
Contributions as a % of Covered Employee Payroll	19.7500%	31.5000%

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

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

MERS (Plan A): Municipal Employees' Retirement System

MPERS: Municipal Police Employees' Retirement System

TOWN OF MARINGOUIN, LOUISIANA

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

For the year ended September 30, 2016

NOTE 1 – NET PENSION LIABILITY

Changes of Benefit Terms

Municipal Employees' Retirement System (Plan A)

No Changes.

Municipal Police Employees' Retirement System

No Changes.

Changes of Assumptions

Municipal Employees' Retirement System (Plan A)

No Changes.

Municipal Police Employees' Retirement System

No Changes.

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

September 30, 2016

(Without Audit)

Records maintained by the Town of Maringouin indicated the number of residential and commercial users for both water and sewer systems at September 30, 2016 were as follows:

	<u>Water</u>	<u>Sewer</u>
Residential	1,084	447
Commercial	62	34
Governmental	<u>14</u>	<u>-</u>
Total	1,160	481

At September 30, 2016, the Town was charging the following rates for usage of their water and sewer systems:

Schedule of Water Rates

Residential- inside municipality:
\$15.00 - (minimum)
Plus usage = \$0.200 per 100 gallons

Residential- outside municipality:
\$17.00 - (minimum)
Plus usage = \$0.215 per 100 gallons

Commercial:
\$25.00 - (minimum)
Plus usage = \$0.190 per 100 gallons

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

Schedule of Sewer Rates

Residential:
\$22.50 base rate
Plus usage = \$0.200 per 100 gallons

Commercial:
\$30.00 base rate
Plus usage = \$0.195 per 100 gallons

TOWN OF MARINGOUIN
Maringouin, Louisiana

SCHEDULE OF INSURANCE IN FORCE

September 30, 2016
(Without Audit)

Issuer	Kind of Insurance	Insurance	Expiration Date
LA Municipal Risk Management Agency	Automobile Liability	\$1,000,000 CSL Bodily Injury and Property Damage	5/1/2017
	Commercial General Liability	\$500,0000 CSL Bodily Injury and Property Damage	5/1/2017
	Errors and Omissions	\$500,0000 CSL Errors and Omissions	5/1/2017
	Law Enforcement Officer	\$500,0000 CSL Personal Injury and Property Damage	5/1/2017
Rod Prejean	Automobile Liability	\$196,439 CSL Automobile Damage	3/7/2017
L. Bouanchaud	Commercial General Liability	\$1,645,000 CSL Property Damage	10/31/2017
	Commercial General Liability	\$360,300 CSL Equipment Damage	10/31/2017

TOWN OF MARINGOUIN, LOUISIANA

SCHEDULE MAYOR AND TOWN COUNCIL

September 30, 2016
(Without Audit)

The Town's Mayor and Town Council at September 30, 2016 are as follows:

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

Town Council:

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

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

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

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

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

TOWN OF MARINGOUIN
Maringouin, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

September 30, 2016

Agency Head: Demi Vorise, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 15,800
Per diem	375
Telephone	561
Travel	165
	<u>\$ 16,901</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Maringouin, Louisiana as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Maringouin, Louisiana's basic financial statements, and have issued our report thereon dated March 31, 2017.

Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. [2016-001]

Compliance and Other matters

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

Town of Maringouin, Louisiana's Response to Findings

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

Purpose of this Report

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

Diez, Dupuy & Ruiz

Gonzales, Louisiana

March 31, 2017

TOWN OF MARINGOUIN, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2016

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type-of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2016-001 Legislative Audit Advisory Services Report

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

- Utility Customer Accounts

Utility Customer Accounts

Reconciliation of the Master Water Meter

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

Context: The Town Clerk should obtain monthly master meter readings and reconcile to total customer usage to ensure adequate billing.

Effect: The Town is unable to determine if water billings to customer agrees to the total usage by town.

Recommendation: The Town should consider implementing the recommendations made by the Legislative Auditor to develop procedures to ensure that the Town Clerk is provided with adequate monthly master meter readings to reconcile usage to customers' billings.

Management's corrective action plan: The Town has adopted policies and procedure in March 2016. The Town's policies and procedures incorporate a process to reconcile the Master Water Meter to customer usage reports, although management has not finalized processes to incorporate reconciliation of the Master Water Meter to customer usage reports in do monthly reconciliation procedure. Management anticipates the reconciliation process will be implemented no later than May 31, 2017.

C. FINDINGS – COMPLIANCE WITH STATE LAWS AND REGULATIONS

NONE

TOWN OF MARINGOUIN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2016

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2015-001 Legislative Audit Advisory Services Report

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

- Utility Customer Accounts
- Purchasing and Disbursements
- Written Policies and procedures
- Disaster Recovery Plan

The report cited several areas as follows:

Utility Customer Accounts

Reconciliation of the Master Water Meter

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

Current Year Status: Similar finding reported in current year.

Purchasing and Disbursements

Purchasing not Centralized

Condition: Purchasing decisions are made after the receipt of the purchase order or without a proper purchase order issued by the Town Clerk.

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

Written Policies and Procedures

Condition: The Town's written policies and procedures were not formally adopted by the board of aldermen.

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

Disaster Recovery Plan

Condition: A disaster recovery plan was recommended in the Legislative Auditor's report.

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

TOWN OF MARINGOUIN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2016

A. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2015-002 Legislative Audit Advisory Services Report

Observation: In January 2015, the Louisiana Legislative Auditor issued an investigative audit report relating to complaints received concerning certain operations within the Town's police department. The audit was initiated to determine the validity of the complaints. Subsequent to beginning the audit, additional concerns came to their attention involving other Town functions.

The unresolved matters outlined in the report relate to the following:

- Public Funds Used for Non-Public Purposes
- Supplemental Payments to Officers and Police Chief
- Improper Disposition of Traffic Citations
- Faulty Purchasing Process

The report cited several areas.

Supplemental Payments to Police Officers and Police Chief

Condition: From January 1, 2007 to December 31, 2013, Town officials authorized supplemental payments totaling \$116,807 to Chief Simien and the three full-time police officers, but failed to include these payments when calculating the officers' state and federal income tax deductions, Medicaid deductions, and retirement contributions. In addition, Chief Simien received \$31,000 of the \$16,807 in supplemental payments that he was not eligible to receive. By failing to include the supplemental payments when calculating the officer's payroll, and authorizing ineligible supplemental payments to Chief Simien, the mayor and Chief Simien may have violated the Louisiana Constitution and state law.

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

B. FINDINGS – COMPLIANCE

2015-003 Public Bid Law

Condition: The Town purchased a vehicle during the year, but was not able to provide supporting documentation that the Town complied with bid law for the acquisition.

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

2015-004 Louisiana Budget Law

Condition: The Town of Maringouin's General Fund had an unfavorable variance of 9.05% of total actual revenues to budgeted total revenues.

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