

***Financial Report***  
***Town of Golden Meadow, Louisiana***  
***For the year ended December 31, 2011***

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 13 2012**

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Golden Meadow, State of Louisiana (the Town) as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Golden Meadow, Louisiana's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities and each major fund of the Town of Golden Meadow, Louisiana, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2012 on our consideration of the Town of Golden Meadow, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Golden Meadow, Louisiana's basic financial statements. The other supplementary information section and statistical information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying financial information listed in the other supplementary section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 16, 2012.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Town of Golden Meadow, Louisiana**

The Town Clerk and the Mayor are responsible for the overview and analysis of the financial activities of the Town of Golden Meadow (the Town) for the year ended December 31, 2011. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

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

### **FINANCIAL HIGHLIGHTS**

Assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$9,135,685 (net assets). Of this amount, \$2,780,886 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net assets increased by \$157,096 during 2011.

The Town's governmental activities revenue decreased \$960,310 (or 34.81%) primarily due to the capital grant for the Multi-Purpose Building and Emergency Center received in the prior year as well as prior year donations received for new furniture and playground equipment.

The Town's governmental activities expenses decreased \$108,543 (or 5.93%) primarily due to the decrease in hurricane expenses in the current year as well as the decrease in salary expenses.

The Town continued the transfer of its gas distribution customers to a private utility company.

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's annual report consists of five parts. (1) management's discussion and analysis (this section) (2) basic financial statements (3) other supplementary information, (4) statistical information and (5) various governmental compliance reports and schedules by certified public accountants and management.

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



## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental major fund presentation in Exhibits C through K is presented on a sources and uses of liquid resources basis. This is the manner

in which the financial budget is typically developed. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Town has presented the following major governmental funds: General Fund, Sales Tax Fund, Levee Maintenance Tax Fund, Drainage Maintenance Tax Fund, Street Fund, Debt Service Fund and Capital Projects Fund.

**Proprietary Funds** includes enterprise funds on the fund financial statements illustrated in Exhibits L through N. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. These enterprise funds are presented as major funds and consist of the Gas Distribution System Fund and the Sewerage Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges.

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

### **Capital Assets**

General capital assets include land, improvements to land, infrastructure, buildings, vehicles, machinery and equipment and all other tangible assets that are used in operations and that have initial useful lives greater than one year and exceed the Town's capitalization threshold (see Note 1d, Exhibit O). The Town has recorded all material infrastructure assets acquired since 1984. Prior to the implementation of the new reporting model, no depreciation was charged on general capital assets. Accumulated depreciation was recorded for the first time based on the date of acquisition and the life span of the asset in the 2004 financial statements.

### **Notes to the Financial Statements**

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

### **Other Information**

Other supplementary financial information can be found in Statement 1 of this report. The Statistical Section (Tables 1 through 8) are included for additional information and analysis and do not constitute a part of the audited financial statements.

Also included in the report are special auditor reports on internal control over financial reporting, compliance and other matters, findings and schedules as required by government auditing standards

### Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Assets for 2011, with comparative figures from 2010.

**Town of Golden Meadow**  
**Condensed Statements of Net Assets**  
**December 31, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current and other assets	\$ 3,379,974	\$ 3,036,389	\$ 405,068	\$ 438,074	\$ 3,785,042	\$ 3,474,463
Restricted assets	-	-	26,981	37,990	26,981	37,990
Capital assets	4,238,519	4,243,524	2,044,517	1,931,180	6,283,036	6,174,704
Total assets	<u>7,618,493</u>	<u>7,279,913</u>	<u>2,476,566</u>	<u>2,407,244</u>	<u>10,095,059</u>	<u>9,687,157</u>
<b>Liabilities</b>						
Current liabilities	480,936	259,791	61,173	81,131	542,109	340,922
Long-term obligations	396,296	353,446	20,969	14,200	417,265	367,646
Total liabilities	<u>877,232</u>	<u>613,237</u>	<u>82,142</u>	<u>95,331</u>	<u>959,374</u>	<u>708,568</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	3,914,852	3,942,746	2,044,517	1,931,280	5,959,369	5,874,026
Restricted	395,430	404,653	-	-	395,430	404,653
Unrestricted	2,430,979	2,319,277	349,907	380,633	2,780,886	2,699,910
Total net assets	<u>\$ 6,741,261</u>	<u>\$ 6,666,676</u>	<u>\$ 2,394,424</u>	<u>\$ 2,311,913</u>	<u>\$ 9,135,685</u>	<u>\$ 8,978,589</u>

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

Approximately 65% of the Town's net assets as of December 31, 2011, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets that is still outstanding. The Town government uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Another 4% of the Town's net assets are subject to external restrictions as to their use.

The remaining unrestricted net assets of 31% are available for future use as directed by the Mayor and the Town Council to meet ongoing obligations of the government to citizens and creditors.

The following table provides a summary of the changes in net assets for the year ended December 31, 2011, with comparative figures from 2010:

**Town of Golden Meadow  
Condensed Statements of Changes in Net Assets  
For the Years Ended December 31, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total	
	For the year ended December 31,		For the year ended December 31,		For the year ended December 31,	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for service	\$ 739,780	\$ 784,966	\$ 437,261	\$ 467,851	\$ 1,177,041	\$ 1,252,817
Operating grants and contributions	81,640	65,922	-	-	81,640	65,922
Capital grants and contributions	89,874	966,079	-	-	89,874	966,079
<b>General Revenues</b>						
Property taxes	187,778	165,741	-	-	187,778	165,741
Sales taxes	572,995	564,232	-	-	572,995	564,232
Franchise taxes	64,079	63,619	-	-	64,079	63,619
Grants and contributions not restricted to specific programs	39,932	37,048	107,332	-	147,264	37,048
Other	22,507	111,288	1,074	1,719	23,581	113,007
<b>Total revenues</b>	<u>1,798,585</u>	<u>2,758,895</u>	<u>545,667</u>	<u>469,570</u>	<u>2,344,252</u>	<u>3,228,465</u>
<b>Expenses</b>						
General government	368,508	523,712	-	-	368,508	523,712
Public safety	639,532	610,503	-	-	639,532	610,503
Streets and highways	279,228	250,083	-	-	279,228	250,083
Drainage and levee	213,282	222,754	-	-	213,282	222,754
Culture and recreation	185,054	197,681	-	-	185,054	197,681
Sanitation	21,513	12,909	-	-	21,513	12,909
Interest on long-term obligations	14,019	12,037	-	-	14,019	12,037
Gas distribution	-	-	344,000	383,414	344,000	383,414
Sewerage	-	-	122,020	106,331	122,020	106,331
<b>Total expenses</b>	<u>1,721,136</u>	<u>1,829,679</u>	<u>466,020</u>	<u>489,745</u>	<u>2,187,156</u>	<u>2,319,424</u>
<b>Increase (decrease) in net assets before transfers</b>	77,449	929,216	79,647	(20,175)	157,096	909,041
<b>Transfers</b>	<u>(2,864)</u>	<u>(464,442)</u>	<u>2,864</u>	<u>464,442</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	74,585	464,774	82,511	444,267	157,096	909,041
Net assets, January 1,	6,666,676	6,201,902	2,311,913	1,867,646	8,978,589	8,069,548
Net assets, December 31	<u>\$ 6,741,261</u>	<u>\$ 6,666,676</u>	<u>\$ 2,394,424</u>	<u>\$ 2,311,913</u>	<u>\$ 9,135,685</u>	<u>\$ 8,978,589</u>

The Town's net assets increased by \$157,096 during the current fiscal year.

*Governmental activities* revenues decreased \$960,310 primarily due to the capital grant for the Multi-Purpose Building and Emergency Center received in the prior year. Other revenues decreased \$88,781, which was led by a drop of \$60,000 in donations received, due to the prior year donations of furniture for the multi-use building and park equipment.

Governmental expenses decreased \$108,543 primarily due to the decrease in hurricane expenses in the current year as well as the decrease in culture and recreation for the decrease in number of employees and use of work release individuals at lower rates. The decrease in expenses was offset by the increase in public safety for the increases in police retirement and salary expenses.

*Business activities* revenues increased because of a capital grant with Delta Regional Authority for a sewer project. This increase was offset by the decrease in charges for service revenues as the Town continued abandoning the gas distribution services and transferring its gas customers to a private company.

### **Financial Analysis of the Government's Funds**

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

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

The combined fund balances of the Town's governmental funds at December 31, 2011 were \$2,845,589 as compared to \$2,723,930 at December 31, 2010, an increase of \$121,659. Fund balance in the amount of \$1,579,785 is restricted for the special revenue funds and \$14,400 is restricted for the debt service fund. The remaining \$1,251,404 of fund balance is available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,251,404. Compared with fund balance of \$1,147,123 at the end of 2010, the fund balance increased by \$104,281.

Other major governmental funds had a net increase in the fund balances of \$17,378.

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

Unrestricted net assets of the Gas Distribution System Fund at December 31, 2011 were \$326,603. This fund is used to account for gas distribution services to the Town. This fund is self-supporting from program revenues. This fund encompasses all assets associated with gas distribution. Investment in capital assets at the end of the current fiscal year totaled \$166,803.

The Sewerage Fund of the Town had unrestricted net assets of \$23,304 at December 31, 2011. This fund encompasses all assets associated with sewerage operations of the Town. This fund is self-supporting from program revenues. This fund encompasses all assets associated with sewerage operations. Investment in capital assets at the end of the current fiscal year totaled \$1,877,714.

## General Fund Budgetary Highlights

The major differences between the original General Fund budget and the final amended budget was additional funds from FEMA, increase in grant income from the State, and the revenue coming in from the Lafourche Parish Drainage District No. 1.

Budgeted General Fund expenses in general government and culture and recreation increased due to insurance, salary and maintenance increases

## Capital Asset and Debt Administration

**Capital Assets:** The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$6,283,036 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, furnishings and equipment, streets and roads, drainage systems, park, swimming pool, gas system and sewer system facilities. The net increase in the Town's investment in capital assets (net of depreciation) for the current fiscal year was \$108,232.

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

- Beginning of the Seawall Phase II construction.
- Purchase of new police vehicles and various equipment.
- Upgrade to pump station.
- Beginning of Sewer system Phase III project.

### Town of Golden Meadow Capital Assets (Net of Depreciation) December 31, 2011, and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2009
Land	\$ 91,100	\$ 91,100	\$ 2,500	\$ 2,500	\$ 93,600	\$ 93,600
Construction in progress	54,600	-	117,770	-	172,370	-
Buildings and improvements	1,706,965	1,731,707	447,026	458,637	2,153,991	2,190,344
Seawall	756,482	772,809	-	-	756,482	772,809
Swimming pool	130,703	140,331	-	-	130,703	140,331
Autos and trucks	86,443	48,178	2,362	4,373	88,805	52,551
Sidewalks, streets and drainage	1,042,168	1,059,992	-	-	1,042,168	1,059,992
Oakridge park	175,058	188,163	-	-	175,058	188,163
Furniture, equipment and other	195,000	211,244	1,379	2,101	196,379	213,345
Sewer system	-	-	1,312,921	1,311,915	1,312,921	1,311,915
Gas distribution system	-	-	160,559	151,754	160,559	151,754
<b>Total</b>	<b>\$ 4,238,519</b>	<b>\$ 4,243,524</b>	<b>\$ 2,044,517</b>	<b>\$ 1,931,280</b>	<b>\$ 6,283,036</b>	<b>\$ 6,174,804</b>

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

**Non-current liabilities** At the end of the current fiscal year, the Town had total outstanding non-current liabilities of \$417,265 which represents revenue bonds payable, capital leases, compensated absences and other postemployment benefit obligations. The leases, compensated absences and other postemployment benefit obligations will be serviced by general revenues of the Town, excepting those recognized in the Gas Distribution Fund, which will be serviced by that fund's revenues. The bonds will be paid from a portion of sales tax revenues collected.

### **Economic Factors and Next Year's Budget and Rates**

- A 3% pay increase for all employees has been included in the budget.
- The Town has budgeted \$23,576 for a street sweeper.
- The budget includes the purchase of three Kubota tractors at \$9,192 each.
- The Town has budgeted \$30,000 for police vehicles.
- The budget also includes the purchase and installation of a gasoline and diesel tank, installation of new waterlines in Oakridge Park.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**



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

December 31, 2011

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,795,084	\$ 250,801	\$ 3,045,885
Investments	340,000	100,000	440,000
Receivables (net)	121,646	43,255	164,901
Due from other governments	64,987	15,820	80,807
Prepaid insurance	53,449	-	53,449
Internal balances	4,808	(4,808)	-
Restricted assets			
Cash and cash equivalents	-	26,981	26,981
Capital assets			
Non-depreciable	145,700	120,270	265,970
Depreciable, net	4,092,819	1,924,247	6,017,066
<b>Total assets</b>	<b>7,618,493</b>	<b>2,476,566</b>	<b>10,095,059</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	55,182	34,192	89,374
Uncamed revenue	425,754	-	425,754
Liabilities payable from restricted assets	-	26,981	26,981
Non-current liabilities			
Due within one year	45,809	-	45,809
Due in more than one year	350,487	20,969	371,456
<b>Total liabilities</b>	<b>877,232</b>	<b>82,142</b>	<b>959,374</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,914,852	2,044,517	5,959,369
Restricted for			
Streets and highways	216,327	-	216,327
Drainage and levee	164,703	-	164,703
Debt Service	14,400	-	14,400
Unrestricted	2,430,979	349,907	2,780,886
<b>Total net assets</b>	<b>\$ 6,741,261</b>	<b>\$ 2,394,424</b>	<b>\$ 9,135,685</b>

See notes to financial statements

**STATEMENT OF ACTIVITIES**

**Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental activities</b>				
General government	\$ 368,508	\$ 144,585	\$ -	\$ 13,000
Public safety	639,532	585,627	30,883	22,274
Streets and highways	279,228	-	25,341	-
Drainage and levee	213,282	-	17,967	54,600
Culture and recreation	185,054	9,568	7,449	-
Sanitation	21,513	-	-	-
Interest on long-term obligations	14,019	-	-	-
<b>Total governmental activities</b>	<u>1,721,136</u>	<u>739,780</u>	<u>81,640</u>	<u>89,874</u>
<b>Business-type activities</b>				
Gas distribution	344,000	327,620		
Sewerage	122,020	109,641		
<b>Total business-type activities</b>	<u>466,020</u>	<u>437,261</u>		
<b>Total primary government</b>	<u>\$ 2,187,156</u>	<u>\$ 1,177,041</u>	<u>\$ 81,640</u>	<u>\$ 89,874</u>

General revenues  
 Taxes  
   Property  
   Sales taxes  
   Franchise taxes  
 Grants and contributions not restricted to specific programs  
 Unrestricted investment earnings  
 Miscellaneous  
 Transfers (to) from other funds

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (210,923)		\$ (210,923)
(748)		(748)
(253,887)		(253,887)
(140,715)		(140,715)
(168,037)		(168,037)
(21,513)		(21,513)
(14,019)		(14,019)
<u>(809,842)</u>		<u>(809,842)</u>
	\$ (16,380)	(16,380)
	<u>(12,379)</u>	<u>(12,379)</u>
	<u>(28,759)</u>	<u>(28,759)</u>
<u>(809,842)</u>	<u>(28,759)</u>	<u>(838,601)</u>
187,778	-	187,778
572,995	-	572,995
64,079	-	64,079
39,932	107,332	147,264
5,574	1,074	6,648
16,933	-	16,933
<u>(2,864)</u>	<u>2,864</u>	<u>-</u>
<u>884,427</u>	<u>111,270</u>	<u>995,697</u>
74,585	82,511	157,096
<u>6,666,676</u>	<u>2,311,913</u>	<u>8,978,589</u>
<u>\$ 6,741,261</u>	<u>\$ 2,394,424</u>	<u>\$ 9,135,685</u>

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**Town of Golden Meadow, Louisiana**

December 31, 2011

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Levee Maintenance Tax Fund</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,302,122	\$ 810,462	\$ 130,324
Investments	-	340,000	-
Receivables (net, where applicable of allowances for uncollectibles):			
Taxes	29,339	-	24,980
Accounts	17,844	-	-
Due from other funds	9,858	100	-
Due from other governmental units	4,974	48,193	-
	<u>1,364,137</u>	<u>1,198,755</u>	<u>155,304</u>
<b>Total assets</b>	<b><u>\$ 1,364,137</u></b>	<b><u>\$ 1,198,755</u></b>	<b><u>\$ 155,304</u></b>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 55,182		\$ -
Due to other funds	5,000		-
Unearned revenue	52,551		44,805
	<u>112,733</u>		<u>44,805</u>
<b>Total liabilities</b>	<b><u>112,733</u></b>		<b><u>44,805</u></b>
<b>Fund Balances</b>			
Restricted	-	\$ 1,198,755	110,499
Unassigned	1,251,404	-	-
	<u>1,251,404</u>	<u>1,198,755</u>	<u>110,499</u>
<b>Total fund balances</b>	<b><u>1,251,404</u></b>	<b><u>1,198,755</u></b>	<b><u>110,499</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,364,137</u></b>	<b><u>\$ 1,198,755</u></b>	<b><u>\$ 155,304</u></b>

See notes to financial statements.

**Exhibit C**

<u>Drainage Maintenance Tax Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 74,029	\$ 224,017	\$ 14,400	\$ 239,730	\$ 2,795,084
-	-	-	-	340,000
24,980	24,503	-	-	103,802
-	-	-	-	17,844
-	-	-	-	9,958
-	11,820	-	-	64,987
<u>\$ 99,009</u>	<u>\$ 260,340</u>	<u>\$ 14,400</u>	<u>\$ 239,730</u>	<u>\$ 3,331,675</u>
\$ -	\$ -		\$ -	\$ 55,182
-	-		150	5,150
44,805	44,013		239,580	425,754
<u>44,805</u>	<u>44,013</u>		<u>239,730</u>	<u>486,086</u>
54,204	216,327	\$ 14,400	-	1,594,185
-	-	-	-	1,251,404
<u>54,204</u>	<u>216,327</u>	<u>14,400</u>	<u>-</u>	<u>2,845,589</u>
<u>\$ 99,009</u>	<u>\$ 260,340</u>	<u>\$ 14,400</u>	<u>\$ 239,730</u>	<u>\$ 3,331,675</u>

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

**Town of Golden Meadow, Louisiana**

December 31, 2011

<b>Fund Balances - Governmental Funds</b>		\$ 2,845,589
Amounts reported for governmental activities in the statement of net assets are different because.		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 7,802,158	
Accumulated depreciation	<u>(3,563,639)</u>	4,238,519
Other assets used in governmental activities are not financial resources and, therefore are not reported in governmental funds		
Prepaid insurance		53,449
Non-current obligations are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences	\$ (10,965)	
Other postemployment benefits	<u>(61,664)</u>	(72,629)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Capitalized lease obligations	\$ (69,890)	
Bonds payable	<u>(253,777)</u>	<u>(323,667)</u>
<b>Net Assets of Governmental Activities</b>		<u>\$ 6,741,261</u>

See notes to financial statements

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

**Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

	General Fund	Sales Tax Fund	Levee Maintenance Tax Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Taxes	\$ 54,247	\$ 572,995	\$ 44,810
Fines and forfeitures	585,627	-	-
Intergovernmental	96,309	-	-
Licenses and permits	110,495	-	-
Franchise fees	64,079	-	-
Charges for services	43,658	-	-
Investment income	1,949	3,606	164
Miscellaneous	46,418	-	-
	<u>1,002,782</u>	<u>576,601</u>	<u>44,974</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	305,341		
Public safety	578,796		
Streets and highways	231,686		
Sanitation	20,270		
Drainage and levee	155,908		
Culture and recreation	164,602		
<b>Debt service</b>			
Principal retirement	44,225		
Interest and fiscal charges	2,534		
<b>Capital outlay</b>	157,992		
	<u>1,661,354</u>		
<b>Total expenditures</b>	<u>1,661,354</u>		
<b>Excess (deficiency) of revenues   over expenditures</b>	<u>(658,572)</u>	<u>576,601</u>	<u>44,974</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	705,836	-	-
Operating transfers out	(2,864)	(550,000)	(38,000)
Capital lease proceeds	59,881	-	-
	<u>762,853</u>	<u>(550,000)</u>	<u>(38,000)</u>
<b>Total other financing sources (uses)</b>	<u>762,853</u>	<u>(550,000)</u>	<u>(38,000)</u>
<b>Net Change in Fund Balances</b>	104,281	26,601	6,974
<b>Fund Balances</b>			
Beginning of year	1,147,123	1,172,154	103,525
End of year	<u>\$ 1,251,404</u>	<u>\$ 1,198,755</u>	<u>\$ 110,499</u>

See notes to financial statements

**Exhibit E**

<b>Drainage Maintenance Tax Fund</b>	<b>Street Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
\$ 44,777	\$ 43,944		\$ -	\$ 760,773
-	-		-	585,627
-	25,040		67,600	188,949
-	-		-	110,495
-	-		-	64,079
-	-		-	43,658
102	301		19	6,141
-	-		-	46,418
<u>44,879</u>	<u>69,285</u>		<u>67,619</u>	<u>1,806,140</u>
			1,688	307,029
			-	578,796
			-	231,686
			-	20,270
			-	155,908
			-	164,602
		\$ 2,571	-	46,796
		11,485	-	14,019
		-	64,400	222,392
		<u>14,056</u>	<u>66,088</u>	<u>1,741,498</u>
<u>44,879</u>	<u>69,285</u>	<u>(14,056)</u>	<u>1,531</u>	<u>64,642</u>
-	-	28,112	-	733,948
(38,000)	(70,000)	-	(37,948)	(736,812)
-	-	-	-	59,881
<u>(38,000)</u>	<u>(70,000)</u>	<u>28,112</u>	<u>(37,948)</u>	<u>57,017</u>
6,879	(715)	14,056	(36,417)	121,659
<u>47,325</u>	<u>217,042</u>	<u>344</u>	<u>36,417</u>	<u>2,723,930</u>
<u>\$ 54,204</u>	<u>\$ 216,327</u>	<u>\$ 14,400</u>	<u>\$ -</u>	<u>\$ 2,845,589</u>



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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2011

<b>Net Change in Fund Balance - Total Governmental Funds</b>		<b>\$ 121,659</b>
Amounts reported for governmental activities in the statement activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital outlay	\$ 222,392	
Depreciation expense	<u>(219,842)</u>	2,550
The net effect of various miscellaneous transactions involving capital assets, such as sales and donations, is to decrease net assets		(7,555)
Some expenditures are reported in the governmental funds which do not effect net assets		
Increase in prepaid insurance		781
Non-current obligations are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences	\$ 2,468	
Other postemployment benefits	<u>(32,233)</u>	(29,765)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets		
Principal payments on capital leases	\$ 44,225	
Principal payments on revenue bonds	2,571	
Capital lease proceeds	<u>(59,881)</u>	<u>(13,085)</u>
<b>Change in Net Assets of Governmental Activities</b>		<b><u>\$ 74,585</u></b>

See notes to financial statements

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes - ad valorem	\$ 48,700	\$ 51,538	\$ 54,247	\$ 2,709
Fines and forfeitures	559,100	555,784	585,627	29,843
Intergovernmental				
Federal Government				
Federal Emergency Management Agency	-	15,000	-	(15,000)
State of Louisiana				
Video poker	14,000	11,161	8,754	(2,407)
Beer taxes	3,550	2,251	2,050	(201)
Appropriations from State	8,205	20,273	22,274	2,001
State supplemental pay	30,000	30,883	30,883	-
Lafourche Parish Council				
Recreation District No 3	7,000	7,977	7,449	(528)
Off track betting	2,000	1,741	1,353	(388)
Lafourche Housing Authority	5,771	5,800	5,845	45
Lafourche Parish Drainage District No 1	-	17,702	17,701	(1)
Licenses and permits - occupational licenses	119,000	110,373	110,495	122
Franchise fees	69,500	64,380	64,079	(301)
Charges for services	50,415	44,917	43,658	(1,259)
Investment income	5,000	1,806	1,949	143
Miscellaneous				
Donations	2,000	7,159	6,159	(1,000)
Mineral royalties	27,000	30,166	27,775	(2,391)
Other	6,500	50,459	12,484	(37,975)
<b>Total revenues</b>	<b>957,741</b>	<b>1,029,370</b>	<b>1,002,782</b>	<b>(26,588)</b>
<b>Expenditures</b>				
Current				
General government	260,980	321,974	305,341	16,633
Public safety	551,374	568,331	578,796	(10,465)
Streets and highways	223,728	239,620	231,686	7,934
Sanitation	19,733	20,434	20,270	164
Drainage and levee	148,041	155,283	155,908	(625)
Culture and recreation	141,671	166,053	164,602	1,451
Debt Service				
Principal retirement	44,225	44,225	44,225	-
Interest and fiscal charges	2,534	2,534	2,514	-
Capital outlay	60,180	70,527	157,992	(87,465)
<b>Total expenditures</b>	<b>1,452,466</b>	<b>1,588,981</b>	<b>1,661,354</b>	<b>(72,373)</b>
<b>Deficiency of revenues over expenditures</b>	<b>(494,725)</b>	<b>(559,611)</b>	<b>(658,572)</b>	<b>(98,961)</b>
<b>Other Financing Sources</b>				
Operating transfers in	546,000	667,888	705,836	37,948
Operating transfers out	-	-	(2,864)	(2,864)
Capital lease proceeds	-	-	59,881	59,881
<b>Total other financing sources</b>	<b>546,000</b>	<b>667,888</b>	<b>762,853</b>	<b>94,965</b>
<b>Net Change in Fund Balances</b>	<b>\$ 51,275</b>	<b>\$ 108,277</b>	<b>104,281</b>	<b>\$ (3,996)</b>
<b>Fund Balance</b>				
Beginning of year			1,147,123	
End of year			\$ 1,251,404	

See notes to financial statements

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

Town of Golden Meadow, Louisiana

For the year ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes - sales	\$ 410,000	\$ 584,243	\$ 572,995	\$ (11,248)
Investment income	5,000	3,551	3,606	55
Total revenues	415,000	587,794	576,601	(11,193)
<b>Other Financing Uses</b>				
Operating transfers out	(414,056)	(550,000)	(550,000)	-
<b>Net Change in Fund Balances</b>	<u>\$ 944</u>	<u>\$ 37,794</u>	26,601	<u>\$ (11,193)</u>
<b>Fund Balance</b>				
Beginning of year			<u>1,172,154</u>	
End of year			<u>\$ 1,198,755</u>	

See notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - LEVEE MAINTENANCE TAX FUND**

**Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes - ad valorem	\$ 40,400	\$ 43,852	\$ 44,810	\$ 958
Investment income	400	153	164	11
Total revenues	40,800	44,005	44,974	969
<b>Other Financing Uses</b>				
Operating transfers out	(38,000)	(38,000)	(38,000)	-
<b>Net Change in Fund Balances</b>	<u>\$ 2,800</u>	<u>\$ 6,005</u>	6,974	<u>\$ 969</u>
<b>Fund Balance</b>				
Beginning of year			103,525	
End of year			<u>\$ 110,499</u>	

See notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - DRAINAGE MAINTENANCE TAX FUND**

**Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes - ad valorem	\$ 40,400	\$ 43,852	\$ 44,777	\$ 925
Investment income	250	95	102	7
Total revenues	40,650	43,947	44,879	932
<b>Other Financing Uses</b>				
Operating transfers out	(38,000)	(38,000)	(38,000)	-
<b>Net Change in Fund Balances</b>	<u>\$ 2,650</u>	<u>\$ 5,947</u>	6,879	<u>\$ 932</u>
<b>Fund Balance</b>				
Beginning of year			<u>47,325</u>	
End of year			<u>\$ 54,204</u>	

See notes to financial statements.

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

**Town of Golden Meadow, Louisiana**

For the year ended December 31 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes - ad valorem	\$ 40,000	\$ 43,018	\$ 43,944	\$ 926
Intergovernmental				
State of Louisiana				
Parish Transportation Fund	18,000	18,000	9,720	(8,280)
Maintenance Agreement	7,000	7,000	7,000	-
Lafourche Parish Council	8,600	8,400	8,320	(80)
Investment income	600	290	301	11
Total revenues	74,200	76,708	69,285	(7,423)
<b>Other Financing Uses</b>				
Operating transfers out	(70,000)	(70,000)	(70,000)	-
<b>Net Change in Fund Balance</b>	<b>\$ 4,200</b>	<b>\$ 6,708</b>	<b>(715)</b>	<b>\$ (7,423)</b>
<b>Fund Balance</b>				
Beginning of year			217,042	
End of year			\$ 216,327	

See notes to financial statements

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**

Town of Golden Meadow, Louisiana

December 31, 2011

	Business-type Activities - Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 227,905	\$ 22,896	\$ 250,801
Investments	100,000	-	100,000
Receivables			
Accounts (net of uncollectibles of \$11,557 and \$1,527 for Gas Distribution System and Sewerage Funds, respectively)	6,643	8,704	15,347
Unbilled service revenues	24,014	3,894	27,908
Due from other governmental units	-	15,820	15,820
Due from other funds	5,630	-	5,630
Total current assets	<u>364,192</u>	<u>51,314</u>	<u>415,506</u>
<b>Restricted</b>			
Cash and cash equivalents			
Customer deposits	26,981	-	26,981
<b>Capital Assets</b>			
Non-depreciable	2,500	117,770	120,270
Depreciable, net	164,303	1,759,944	1,924,247
Total capital assets	<u>166,803</u>	<u>1,877,714</u>	<u>2,044,517</u>
Total assets	<u>557,976</u>	<u>1,929,028</u>	<u>2,487,004</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Payable from current assets			
Accounts payable and accrued expenses	16,620	17,572	34,192
Due to other funds	-	10,438	10,438
Payable from restricted assets-			
Customers' meter deposits	26,981	-	26,981
Total current liabilities	43,601	28,010	71,611
<b>Non-current</b>			
Long-term obligations	20,969	-	20,969
Total liabilities	<u>64,570</u>	<u>28,010</u>	<u>92,580</u>
<b>NET ASSETS</b>			
Invested in capital assets	166,803	1,877,714	2,044,517
Unrestricted	326,603	23,304	349,907
Total net assets	<u>\$ 493,406</u>	<u>\$ 1,901,018</u>	<u>\$ 2,394,424</u>

See notes to financial statements

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS**

**Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

	Business-type Activities - Enterprise Funds		
	Gas Distribution System Fund	Sewerage Fund	Total
<b>Operating Revenues</b>			
Sales and service charges	\$ 319,904	\$ 51,538	\$ 371,442
Miscellaneous	7,716	58,103	65,819
Total operating revenues	<u>327,620</u>	<u>109,641</u>	<u>437,261</u>
<b>Operating Expenses</b>			
Salaries	105,910	14,412	120,322
Per diem	90	-	90
Payroll taxes	8,695	506	9,201
Retirement	23,940	-	23,940
Hospitalization insurance	23,840	-	23,840
Utilities and telephone	1,386	11,527	12,913
Repairs and maintenance	2,523	27,107	29,630
Truck	8,149	384	8,533
Other insurance	12,433	9,208	21,641
Office	6,177	-	6,177
Postage and freight	1,918	-	1,918
Legal and auditing	9,250	-	9,250
Travel	562	850	1,412
Gas purchases	131,969	-	131,969
Depreciation	7,158	58,026	65,184
Total operating expenses	<u>344,000</u>	<u>122,020</u>	<u>466,020</u>
Operating loss	<u>(16,380)</u>	<u>(12,379)</u>	<u>(28,759)</u>
<b>Non-operating Revenues</b>			
Investment income	1,033	41	1,074
Intergovernmental	-	107,332	107,332
Total non-operating revenues	<u>1,033</u>	<u>107,373</u>	<u>108,406</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,864	9,484	12,348
Transfers out	(9,484)	-	(9,484)
Total financing sources (uses)	<u>(6,620)</u>	<u>9,484</u>	<u>2,864</u>
<b>Change in Net Assets</b>	<u>(21,967)</u>	<u>104,478</u>	<u>82,511</u>
<b>Net Assets</b>			
Beginning of year	<u>515,373</u>	<u>1,796,540</u>	<u>2,311,913</u>
End of year	<u>\$ 493,406</u>	<u>\$ 1,901,018</u>	<u>\$ 2,394,424</u>

See notes to financial statements



**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

**Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Gas Distribution System Fund</u>	<u>Sewerage Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Cash received from customers and users	\$ 349,709	\$ 92,983	\$ 442,692
Cash payments to suppliers	(205,821)	(36,563)	(242,384)
Cash payments to employees for services and benefits	(155,706)	(14,918)	(170,624)
Net cash (used) provided by operating activities	<u>(11,818)</u>	<u>41,502</u>	<u>29,684</u>
<b>Cash Flows used by Capital Activities</b>			
Acquisition and construction of capital assets	<u>(13,350)</u>	<u>(165,071)</u>	<u>(178,421)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Intergovernmental transfers	(6,620)	9,484	2,864
Intergovernmental proceeds	-	107,332	107,332
Net cash provided (used) by noncapital financing activities	<u>(6,620)</u>	<u>116,816</u>	<u>110,196</u>
<b>Cash Flows from Investing Activities</b>			
Investment income	<u>1,033</u>	<u>41</u>	<u>1,074</u>
<b>Net decrease in Cash and Cash Equivalents</b>	(30,755)	(6,712)	(37,467)
<b>Cash and Cash Equivalents</b>			
Beginning of year	<u>285,641</u>	<u>29,608</u>	<u>315,249</u>
End of year	<u>\$ 254,886</u>	<u>\$ 22,896</u>	<u>\$ 277,782</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating loss	<u>\$ (16,380)</u>	<u>\$ (12,379)</u>	<u>\$ (28,759)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>			
Depreciation	7,158	58,026	65,184
(Increase) decrease in assets			
Receivables	22,089	(16,658)	5,431
Due from other funds	(5,630)	-	(5,630)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	(11,201)	2,252	(8,949)
Customer deposits	(11,009)	-	(11,009)
Due to other funds	(3,614)	10,261	6,647
Non current liabilities	6,769	-	6,769
Total adjustments	<u>4,562</u>	<u>53,881</u>	<u>58,443</u>
Net cash (used) provided by operating activities	<u>\$ (11,818)</u>	<u>\$ 41,502</u>	<u>\$ 29,684</u>

See notes to financial statements

# **CONTENTS OF NOTES TO FINANCIAL STATEMENTS**

## **Town of Golden Meadow, Louisiana**

December 31, 2011

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**NOTES TO FINANCIAL STATEMENTS**

**Town of Golden Meadow, Louisiana**

December 31, 2011

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Financial Reporting Entity**

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

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

GASB Statement No. 14, The Financial Reporting Entity, established the criterion for determining which component units should be considered part of the Town for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued and the right to buy, sell and lease property in its own name.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Financial Reporting Entity (continued)**

2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Town and the potential component unit.
4. Imposition of will by the Town on the potential component unit.
5. Financial benefit/burden relationship between the Town and the potential component unit

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

**b) Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

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

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (continued)**

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

**Fund Financial Statements**

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

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

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

**General Fund** – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in other funds. 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 specific purposes. Special revenue funds reported as major funds in the fund financial statements are as follows:

**Sales Tax Fund** - To account for the receipt and appropriation of proceeds of the Town's 1% sales and use tax. The revenues derived from the tax are to be used for the purposes of constructing, acquiring, extending and/or improving drainage facilities, streets (including sidewalks and street lighting facilities),

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (continued)**

public buildings, public parks, and fire department and police stations and equipment; public works, buildings, improvements and facilities, title to which improvements shall be in the public, and for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the Town. The tax may be subject to funding bonds by the Town, and it may be used for the purpose of paying any costs of salary and/or administrative costs of any employee of the Town and to pay any or all costs of any services and costs of any legal functions of the Town.

**Levee Maintenance Tax Fund - To account for the receipt and appropriation of proceeds from a 5.09 mill ad valorem tax levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow. The tax is used to defray the cost of maintaining levees in the Town of Golden Meadow.**

**Drainage Maintenance Tax Fund - To account for the receipt and appropriation of proceeds from a 5.09 mill ad valorem tax levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow. The tax is used to defray the cost of maintaining drainage works in the Town of Golden Meadow.**

**Street Fund - To account for the receipt and appropriation of proceeds from a 5.0 mill ad valorem tax, levied on the assessed valuation of taxable property situated within the corporate limits of the Town of Golden Meadow. The tax is used to defray the cost of maintaining streets in the Town of Golden Meadow along with proceeds from the Louisiana State Parish Transportation Fund, State Maintenance Agreement and Lafourche Parish Intergovernmental Agreement. The revenues derived are to be used for cost incurred to build, repair and maintain streets, culverts and other drainage facilities and to purchase equipment for road work.**

**Capital Projects Fund - accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds) and is reported as a major fund.**

**Debt Service Fund-accounts for the accumulation of sales tax for the periodic payment of principal and interest on long-term revenue bonds. The Debt Service Fund is treated as a major fund.**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (continued)**

**Proprietary Funds:**

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

Gas Distribution System Fund - To account for the distribution of natural gas services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewerage Fund - To account for sewer services to residents within the Sewer Service District of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Basis of Accounting and Measurement Focus**

**Government-Wide Financial Statements.**

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

**Fund Financial Statements:**

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeitures and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The Town's definition of available means expected to be received within sixty days of the end of the fiscal year.

Nonexchange transactions, in which the Town receives value without directly giving value in return, included sales tax, property tax, grants and donations. Ad valorem taxes are recognized as revenue of the period for which levied. The current year property taxes are being levied to finance the subsequent year's budgeted expenditures by Town ordinance and legally are not available for funding current year expenditures, accordingly property taxes levied in 2011 shall be recognized as revenue in 2012. The 2011 tax levy is recorded as unearned revenue in the Town's 2011 financial statements. Ad valorem tax adjustments represent unpaid taxes that are recognized as reductions in revenue when the related tax levy is recognized as revenue. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Basis of Accounting and Measurement Focus (continued)**

satisfied. Eligibility requirements include purpose and timing requirements, which specify the use and period when the resources can be used.

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

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

**d) Assets, Liabilities and Fund Equity**

**Cash, Cash Equivalents and Investments**

Cash includes amounts in regular and money market accounts.

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

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

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Assets, Liabilities and Fund Equity (continued)**

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

**Accounts Receivable**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The allowances represent approximately 23.22% of receivables (including unbilled services) from business-type activities.

**Interfund Transactions**

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

**Capital Assets**

Capital assets, which include land and land improvements, buildings, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual cost of more than \$500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets with an estimated historical cost amounted to \$57,147 or .73% of total capital assets used in governmental activities.

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Assets, Liabilities and Fund Equity (continued)**

Major outlays for capital assets and improvements are capitalized as projects at completion of construction. At this point the project costs are moved out of construction-in-progress and capitalized. Interest incurred during the construction phase of capital assets of business activities is included as part of the capitalization value of the assets constructed.

The Town capitalizes interest cost (net of interest earned) during the construction phase of major capital projects of Proprietary Funds. The objectives of the capitalizing interest are: (a) to obtain a measure of acquisition cost that more closely reflects the enterprise's total investment in the asset, and (b) to charge a cost that relates to the acquisition of a resource that will benefit future periods against the revenues of the period benefited. The amount of interest cost capitalized on major capital projects acquired/constructed with proceeds of restricted tax-exempt debt includes all interest cost of the borrowing less any interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings from the date of the borrowing until the assets are ready for their intended use. The Town did not capitalize interest cost during the year ended December 31, 2011.

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

<u>Type of Capital Assets</u>	<u>No. of Years</u>
Buildings and improvements	10 – 40
Seawall	50
Christmas fixtures	10
Protection levee	25 – 40
Swimming pool	10 – 40
Autos and trucks	5 – 7
Sidewalks, streets and drainage	7 – 40
Oakridge Park	15 – 40
Office furniture and fixtures	5 – 7
Departmental equipment	5 – 15
Gas Distribution and Sewer Systems	20 – 50

All infrastructure assets purchased by the Town since 2004 are recorded as capital assets and depreciated accordingly. All donated infrastructure accepted into the Town's maintenance program since 2004 has been capitalized and depreciated in accordance with the above capitalization policy.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Assets, Liabilities and Fund Equity (continued)**

**Non-Current Liabilities**

Non-current liabilities consist of bonds payable, capital leases, compensated absences, and other postemployment benefits.

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

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized using the interest method over the term of the related debt.

In the fund financial statements governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current fiscal period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

Revenue Bonds Series 2006, outstanding at December 31, 2011, were issued without incurring significant bond premium, discount and issuance costs.

**Compensated Absences**

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

In the government-wide financial statements and the proprietary fund types statements, the total compensated absences liability for earned compensatory time is recorded as an expense, allocated on a functional basis, and a long-term obligation. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, no compensated absence liabilities are recorded at December 31, 2011 in the governmental fund-type fund financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Assets, Liabilities and Fund Equity (continued)**

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

**Other Postemployment Benefits**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees' retirement. The Town has recorded liabilities for postemployment health care benefits as of December 31, 2011.

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

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

**Fund Equity**

Government-wide Statements:

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

- a. Invested in capital assets net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Assets, Liabilities and Fund Equity (continued)**

**Fund Equity (continued)**

- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

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

**Fund Financial Statements:**

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

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

For the classification of governmental fund balances, the Town considers an expenditure to be made from the most restrictive first when more than one classification is available. The Town's fund balance was classified as restricted and unassigned as of December 31, 2011.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Assets, Liabilities and Fund Equity (continued)**

**Accounting Estimates**

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

**e) New GASB Statements**

During the year ending December 31, 2011, the Town implemented the following GASB Statements:

Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions* "

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

Statement No. 62 – "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements.*" Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments*, provides that reporting for governmental and business-type activities should be based on all applicable GASB pronouncements as well as the Financial Accounting Standards Board (FASB) Statements and Interpretation, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, issued on or before November 30, 1989 (collectively, the "FASB and AICPA pronouncements"), unless those pronouncements conflict with or contradict GASB pronouncements. The primary objective of Statement No. 62 is to directly incorporate the applicable guidance from those FASB and AICPA pronouncements into the state and local government accounting and financial reporting standards, with the provisions modified, as appropriate, to recognize the effects of the governmental environment and the needs of governmental financial statement users without affecting the substance of the applicable guidance. Statement No. 62 had no reporting implications for the Town.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) New GASB Statements (continued)**

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

Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.*" The objective of this Statement is to address issues related to the use of the alternative measurement method and frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement is effective for frequency and timing of measurements in 2012, while reporting of the alternative measurement plan was effective in 2010. As described in Note 15, the Town participates in a group defined health and life insurance benefit retirement plan, which is not an agent employer or agent multiple employer plan; accordingly, this Statement is not currently applicable to the Town's financial statements.

Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements.*" The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, a SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Town is not participating in a SCA, and therefore this Statement is not currently applicable to the Town's financial statements.

Statement 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", this Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. This Statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011



**Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the Capital Projects Fund and Debt Service Fund. The Capital Projects Fund presents projects as opposed to annual budgets and are therefore not reported in the accompanying financial report. The Town Council approves each project budget and maintains effective controls of costs. The Debt Service Fund does not employ formal budgetary accounting because effective control is alternatively achieved through the indenture certificate of the revenue bonds. Annual appropriated budgets are adopted for the following governmental funds: general and special revenue. All annual appropriations lapse at year-end.

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

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

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

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana Law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2011 levy was based was \$8,802,570.

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

The Town has levied property taxes for maintenance of levees, drainage and streets and for general corporate purposes. The various tax rates for the year ended December 31, 2011 were as follows:

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

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

**Note 4 - DEPOSITS AND INVESTMENTS**

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

**Bank Deposits:**

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

The year end balances of deposits are as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	\$ 1,346,335	\$ 1,588,528
Certificates of deposit	<u>440,000</u>	<u>440,000</u>
Total	<u>\$ 1,786,335</u>	<u>\$ 2,028,528</u>

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a written policy for custodial credit risk, which reflects state law. As of December 31, 2011, \$1,366,524 of the Town's bank balance of \$1,786,335 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

At December 31, 2011, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Town. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 4 - DEPOSITS AND INVESTMENTS (Continued)**

**Investments:**

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

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

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

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

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

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90

**Note 4 - DEPOSITS AND INVESTMENTS (Continued)**

days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. Because LAMP as of December 31, 2011, had a weighted average maturity of 54 days, it was presented as an investment with a maturity of less than one year. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP at December 31, 2011 amounted to \$1,483,314.

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

Cash on hand	\$ 1,024
Reported amount of deposits	1,588,528
Reported amount of investments-certificates of deposit	440,000
Reported amount of investments-LAMP	<u>1,483,314</u>
Total	<u>\$ 3,512,866</u>
Cash and cash equivalents	\$ 3,045,885
Investments	440,000
Cash and cash equivalents-restricted	<u>26,981</u>
Total	<u>\$ 3,512,866</u>

**Note 5 - RECEIVABLES**

Receivables and the applicable allowances for doubtful accounts at December 31, 2011 were as follows:

	Amount	Allowance for Uncollectibles	Net Receivables
<b>Governmental Activities:</b>			
General Fund.			
Property taxes	\$ 29,339		\$ 29,339
Franchise fees	15,595		15,595
Mineral royalties	2,249		2,249
Levee Maintenance Tax Fund:			
Property taxes	24,980		24,980
Drainage Maintenance Tax Fund:			
Property taxes	24,980		24,980
Street Fund:			
Property taxes	24,503		24,503
Total governmental activities	\$ 121,646		\$ 121,646
<b>Business-type Activities:</b>			
Gas Distribution System Fund:			
Accounts	\$ 42,214	\$ (11,557)	\$ 30,657
Sewerage Fund:			
Accounts	14,125	(1,527)	12,598
Total business-type activities	\$ 56,339	\$ (13,084)	\$ 43,255

Accounts receivable in the business-type activities include amounts for unbilled services as of December 31, 2011 of \$27,908.

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

**Note 6 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2011 consisted of the following:

	<u>State</u>	<u>School Board</u>	<u>Lafourche Parish Government</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General Fund	\$ 3,473		\$ 1,500	\$ 4,973
Sales Tax Fund	-	\$ 48,194	-	48,194
Street Fund	<u>3,500</u>	<u>-</u>	<u>8,320</u>	<u>11,820</u>
Total governmental activities	<u>\$ 6,973</u>	<u>\$ 48,194</u>	<u>\$ 9,820</u>	<u>\$ 64,987</u>
<b>Business-type Activities:</b>				
Sewerage Fund	<u>\$ 15,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,820</u>

**Note 7 - RESTRICTED ASSETS**

Restricted assets at December 31, 2011 in the enterprise funds consist of \$26,981 of customer deposits.

**Note 8 - CHANGE IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 91,100			\$ 91,100
Construction in progress	-	\$ 54,600		54,600
<b>Total capital assets not being depreciated</b>	<b>91,100</b>	<b>54,600</b>		<b>145,700</b>
<b>Capital assets being depreciated</b>				
Buildings and improvements	1,743,037	26,536		1,769,573
Seawall	816,347	-		816,347
Christmas fixtures	16,904	-		16,904
Protection levee	164,195	-		164,195
Swimming pool	343,761	-		343,761
Autos and trucks	103,992	73,011	\$ (19,400)	157,603
Sidewalks, streets and drainage	3,063,222	46,167	-	3,109,389
Oakridge Park	686,911	-	-	686,911
Office furniture and fixtures	73,646	-	-	73,646
<b>Equipment</b>				
Street department	190,531	12,121	-	202,652
Sanitation department	11,400	-	-	11,400
Police department	69,579	9,957	-	79,536
DMV Building	224,541	-	-	224,541
<b>Total capital assets being depreciated</b>	<b>7,508,066</b>	<b>167,792</b>	<b>(19,400)</b>	<b>7,656,458</b>
<b>Less accumulated depreciation for</b>				
Buildings and improvements	(168,482)	(45,323)	-	(213,805)
Seawall	(43,538)	(16,327)	-	(59,865)
Christmas fixtures	(16,904)	-	-	(16,904)
Protection levee	(164,195)	-	-	(164,195)
Swimming pool	(203,430)	(9,628)	-	(213,058)
Autos and trucks	(55,814)	(27,191)	11,845	(71,160)
Sidewalks, streets and drainage	(2,003,230)	(63,991)	-	(2,067,221)
Oakridge Park	(498,748)	(13,105)	-	(511,853)
Office furniture and fixtures	(23,887)	(11,334)	-	(35,221)
<b>Equipment</b>				
Street department	(61,308)	(17,148)	-	(78,456)
Sanitation department	(11,400)	-	-	(11,400)
Police department	(37,317)	(9,840)	-	(47,157)
DMV Building	(67,389)	(5,955)	-	(73,344)
<b>Total accumulated depreciation</b>	<b>(3,355,642)</b>	<b>(219,842)</b>	<b>11,845</b>	<b>(3,563,639)</b>
<b>Total capital assets being depreciated, net</b>	<b>4,152,424</b>	<b>(52,050)</b>	<b>(7,555)</b>	<b>4,092,819</b>
<b>Total governmental activities capital assets, net</b>	<b>\$ 4,243,524</b>	<b>\$ 2,550</b>	<b>\$ (7,555)</b>	<b>\$ 4,238,519</b>



**Exhibit O**  
**(Continued)**

**Note 8 - CHANGE IN CAPITAL ASSETS (Continued)**

	Balance 1/1/2011	Additions	Deletions	Balance 12/31/2011
<b><u>Business-Type Activities:</u></b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 2,500			\$ 2,500
Construction in progress	-	\$ 117,770		117,770
<b>Total capital assets not being depreciated</b>	<b>2,500</b>	<b>117,770</b>		<b>120,270</b>
<b>Capital assets being depreciated</b>				
Sewer system phase I	815,090	\$ 47,301		862,391
Sewer system phase II	1,083,020	-		1,083,020
Buildings - sewer system	464,442	-		464,442
Gas distribution system	518,684	13,350		532,034
Autos and trucks	57,863	-	\$ (29,090)	28,773
Furniture and fixtures	92,033	-	-	92,033
Equipment and machinery	26,305	-	-	26,305
<b>Total capital assets being depreciated</b>	<b>3,057,437</b>	<b>60,651</b>	<b>(29,090)</b>	<b>3,088,998</b>
<b>Less accumulated depreciation for</b>				
Sewer system phase I	(309,767)	(20,852)	-	(330,619)
Sewer system phase II	(276,428)	(25,443)	-	(301,871)
Buildings-sewer system	(5,805)	(11,611)	-	(17,416)
Gas distribution system	(366,930)	(4,545)	-	(371,475)
Autos and trucks	(53,490)	(2,011)	29,090	(26,411)
Furniture and fixtures	(90,072)	(622)	-	(90,694)
Equipment and machinery	(26,165)	(100)	-	(26,265)
<b>Total accumulated depreciation</b>	<b>(1,128,657)</b>	<b>(65,184)</b>	<b>29,090</b>	<b>(1,164,751)</b>
<b>Total capital assets being depreciated, net</b>	<b>1,928,780</b>	<b>(4,533)</b>	<b>-</b>	<b>1,924,247</b>
<b>Total business-type activities capital assets, net</b>	<b>\$ 1,931,280</b>	<b>\$ 113,237</b>	<b>\$ -</b>	<b>\$ 2,044,517</b>

**Note 8 - CHANGE IN CAPITAL ASSETS (Continued)**

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

<b><u>Governmental Activities:</u></b>	
General government	\$ 43,679
Public safety	43,505
Culture and recreation	27,099
Streets and highways	46,958
Drainage and levee	55,698
Sanitation	<u>2,903</u>
Total depreciation expense - governmental activities	 <u><u>\$ 219,842</u></u>
 <b><u>Business-Type Activities:</u></b>	
Gas distribution	\$ 7,158
Sewerage	<u>58,026</u>
Total depreciation expense - business-type activities	 <u><u>\$ 65,184</u></u>

**Note 9 - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES**

Accounts payable and other current liabilities at December 31, 2011 consisted of the following:

	<u>Vendors</u>	<u>Other</u>	<u>Total Accounts Payable and Other Current Liabilities</u>
<b><u>Governmental Activities:</u></b>			
General Fund	<u>\$ 29,275</u>	<u>\$ 25,907</u>	<u>\$ 55,182</u>
 <b><u>Business-type Activities:</u></b>			
Gas Distribution System Fund		\$ 16,620	\$ 16,620
Sewerage Fund	\$ 17,572	-	17,572
Total business-type activities	<u>\$ 17,572</u>	<u>\$ 16,620</u>	<u>\$ 34,192</u>

**Note 10 - DUE TO AND FROM OTHER FUNDS**

Due to and from other funds are listed by fund for the year ended December 31, 2011:

	Interfund Receivables	Interfund Payables
<b>General Fund:</b>		
Gas Fund		\$ 5,000
Sewerage Fund	\$ 9,808	-
Capital Project Fund	50	-
	<u>9,858</u>	<u>5,000</u>
<b>Sales Tax Fund:</b>		
Capital Projects Fund	<u>100</u>	
<b>Gas Fund</b>		
General Fund	5,000	
Sewer Fund	630	
	<u>5,630</u>	
<b>Sewerage Fund</b>		
General Fund		9,808
Gas Fund		630
		<u>10,438</u>
<b>Capital Projects</b>		
General Fund		50
Sales Tax Fund		100
		<u>150</u>
<b>Grand Totals</b>	<u>\$ 15,588</u>	<u>\$ 15,588</u>

The balances above resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

**Note 11 - NON-CURRENT LIABILITIES**

On April 21, 2009, the Town issued \$258,000 of Revenue Bonds Series 2006 for the purpose of constructing, acquiring and furnishing a Multi-Purpose Building and Emergency Center. The revenue bonds were issued in the form of a single bond which was purchased by the United States of America, acting through the Department of Agriculture Rural Development. The Bond shall bear interest at the rate of 4.5% annually, payable in monthly installments of \$1,171 beginning May 21, 2010 and maturing April 21, 2049. The bond is secured and payable solely from the irrevocable pledge and dedication of the avails of the Town's 1% sales and use tax. The bond was issued at face value without premium or discount. Issue costs were not significant.

**Note 11 - NON-CURRENT LIABILITIES (Continued)**

The Town has entered into lease agreements for financing the acquisition of equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Assets acquired through capital leases have an aggregate cost of \$177,465 and accumulated depreciation of \$32,408 at December 31, 2011. During the year ended December 31, 2011, the Town made lease payments of \$46,759 including \$2,534 of interest. The capital leases outstanding at December 31, 2011 are liquidated by the General Fund.

The following is a summary of the non-current liabilities for the year ended December 31, 2011:

	Payable January 1, 2011	Obligations Retired	New Issues	Payable December 31, 2011	Within One Year Totals
<b><u>Governmental Activities</u></b>					
Revenue Bonds	\$ 256,348	\$ (2,571)	\$ -	\$ 253,777	\$ 2,678
Lease Obligations	54,234	(44,225)	59,881	69,890	43,131
Compensated absences payable	13,433	(2,468)	-	10,965	-
Other postemployment benefits	29,431	-	32,233	61,664	-
Total governmental activities	<u>\$ 353,446</u>	<u>\$ (49,264)</u>	<u>\$ 92,114</u>	<u>\$ 396,296</u>	<u>\$ 45,809</u>
<b><u>Business-type Activities</u></b>					
Compensated absences payable	\$ 7,778	\$ -	\$ 347	\$ 8,125	\$ -
Other postemployment benefits	6,422	-	6,422	12,844	-
Total business-type activities	<u>\$ 14,200</u>	<u>\$ -</u>	<u>\$ 6,769</u>	<u>\$ 20,969</u>	<u>\$ -</u>

**Note 11 - NON-CURRENT LIABILITIES (Continued)**

The annual requirements to amortize the long term debt outstanding following the full advance of the Revenue Bond, are as follows:

Maturity	Revenue Bond		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,678	\$ 11,378	\$43,131	\$1,375	\$ 45,809	\$ 12,753
2013	2,802	11,254	22,832	500	25,634	11,754
2014	2,930	11,126	3,344	198	6,274	11,324
2015	3,065	10,991	583	6	3,648	10,997
2016	3,206	10,850			3,206	10,850
2017-2021	18,382	51,898			18,382	51,898
2022-2026	23,015	47,264			23,015	47,264
2027-2031	28,817	41,462			28,817	41,462
2032-2036	36,081	41,052			36,081	41,052
2037-2041	45,177	25,102			45,177	25,102
2042-2046	56,565	13,714			56,565	13,714
2047-2049	31,059	1,720			31,059	1,720
	<u>\$253,777</u>	<u>\$ 277,811</u>	<u>\$69,890</u>	<u>\$2,079</u>	<u>\$ 323,667</u>	<u>\$ 279,890</u>

**Note 12 - MAJOR SUPPLIERS - ENTERPRISE FUNDS**

During the year ended December 31, 2011 the Town made all of its purchases of natural gas from one supplier totaling \$131,969.

**Note 13 - RECONCILIATION OF OPERATING TRANSFERS**

A reconciliation of operating transfers for the year ended December 31, 2011 is as follows:

	Transfers In	Transfers Out
<b>General Fund</b>		
Sales Tax Fund	\$ 521,888	
Levee Maintenance Fund	38,000	
Drainage Maintenance Tax Fund	38,000	
Street Fund	70,000	
Capital Projects Fund	37,948	
Gas Fund	-	\$ 2,864
Total	705,836	2,864
<b>Sales Tax Fund</b>		
General Fund		521,888
Debt Service Fund		28,112
Total		550,000
<b>Levee Maintenance Fund</b>		
General Fund		38,000
<b>Drainage Maintenance Tax Fund</b>		
General Fund		38,000
<b>Street Fund</b>		
General Fund		70,000
<b>Gas Fund:</b>		
Sewer Fund		9,484
General Fund	2,864	-
Total	2,864	9,484
<b>Sewer Fund</b>		
Gas Fund	9,484	
<b>Debt Service Fund</b>		
Sales Tax Fund	28,112	
<b>Capital Projects Fund</b>		
General Fund		37,948
Grand Totals	\$ 746,296	\$ 746,296

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

**Note 14 - RISK MANAGEMENT**

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

**Note 15 - POSTEMPLOYMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS**

*Plan Description.* The Town participates in a group defined health and life insurance benefit retirement plan administered by the Town. Participation in the plan is authorized by Town of Golden Meadow Resolution #789. The Plan provides health and life insurance for employees that retire at age 60 or older and at least ten years of full-time service, or employees that retire at less than 60 years old and at least twenty-five years of service. The Town pays 100 percent of their premiums until age 65.

The Town has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2010, the Town recognizes the cost of postemployment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Because the Town has adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

*Annual OPEB Cost and Net OPEB Obligation.* The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize an unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation to the Plan.

**Exhibit O**  
**(Continued)**

**Note 15 - POSTEMPLOYMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS**  
**(Continued)**

	Governmental Activities	Business Activities	Total
Annual required contribution	\$ 38,471	\$ 6,235	\$ 44,706
Interest on net OPEB obligation	1,154	187	1,341
Annual OPEB cost	39,625	6,422	46,047
Contributions made	(7,392)	-	(7,392)
Increase on net OPEB obligation	32,233	6,422	38,655
Net OPEB obligation, beginning of year	29,431	6,422	35,853
Net OPEB obligation, end of year	<u>\$ 61,664</u>	<u>\$ 12,844</u>	<u>\$ 74,508</u>

*Funding Policy, Funded Status, and Funding Progress* The Plan is financed on a pay-as-you-go basis, therefore no funds are reserved for payment of future health and life insurance premiums. As of December 31, 2011, the actuarial accrued liability for benefits was \$311,397, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$736,420, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 42%.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results and compared with past expectations and new estimates are made about the future.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are described to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:



**Note 15 - POSTEMPLOYMENT HOSPITALIZATION AND LIFE INSURANCE BENEFITS  
(Continued)**

The following simplifying assumptions were made.

*Retirement age for active employees* – Active members were assumed to retire at the greater of 65 years old or the age of attainment of eligibility for the retirement benefit.

*Marital status* – Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* – Life expectancies were based on mortality tables from the National Center for Health Statistics.

*Turnover* – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

*Healthcare cost trend rate* – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.7 percent initially, increased to an ultimate rate of 6.6 percent after ten years, was used.

*Health insurance premiums* – 2010 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate* – The expected long-term inflation assumption of 2.8 percent was based on projected changes in the Consumer Price Index (CPI) in *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

*Payroll growth rate* – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Town's short-term investment portfolio and revenue growth, a discount rate of 3 percent was used. In addition, a simplified version of the unit credit actuarial cost method was used. The unfunded accrued liability is being amortized as a level percentage of projected payroll on an open basis over thirty years.

**Note 16 - PENSION PLANS**

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

**a) Municipal Employees' Retirement System**

**Plan Description** - The Town contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 356 of the 1954 Louisiana Legislative Session established the plan. Act 569 of the 1968 Louisiana Legislative Session provided an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1884, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809.

**Funding Policy** - Plan members are required to contribute 9.25% of their annual covered earnings, and the Town is required to contribute at an actuarially determined rate. The Town's contribution rate during the period of January 1, 2011 to June 30, 2011 was 14.25%. Effective July 1, 2011, the Town's contribution rate increased to 16.75%. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contributions to the System for the years ended December 31, 2011, 2010, and 2009 were \$60,943, \$63,797, and \$57,965, respectively, equal to the required contributions for each year.

**Note 16 - PENSION PLANS (Continued)**

**b) Municipal Police Employees' Retirement System**

**Plan Description** - The Town contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 189 of the 1973 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2211 through 11:2234, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Baton Rouge, Louisiana 70809.

**Funding Policy** - Plan members were required to contribute 7.50% of their annual covered earnings excluding overtime but including state supplemental pay during the period January 1, 2011 to June 30, 2011. The members' required contribution rate increased to 10% effective July 1, 2011. The Town is required to contribute at an actuarially determined rate. The Town's contribution rate during the period of January 1, 2011 to June 30, 2011 was 25.00%. Effective July 1, 2011, the Town's contribution rate was increased to 26.50%. In addition, the System also receives a percentage of insurance premiums. The contribution requirements of plan members and the Town are established and may be amended by state statute. The Town's contributions to the System for the years ended December 31, 2011, 2010, and 2009 were \$42,866, \$29,652, and \$12,021, respectively, equal to the required contributions for each year.

**Note 17 - ON-BEHALF PAYMENTS FOR SUPPLEMENTAL PAY**

The Town recognizes as revenues and expenditures salary supplements, which includes the police, that the State of Louisiana has paid directly to the Town's employees. As of December 31, 2011, the total on-behalf payments made amounted to \$30,883.

**Note 18 - ABANDONMENT OF GAS DISTRIBUTION SYSTEM**

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

The Company intends to construct the new system in 6 geographic sections or segments. Upon completion of a segment or portion thereof, the Company shall provide notice to the Town that customer meters and regulators are connected to service lines, Segment Connection Date. On the Segment Connection Date, the Town shall stop the flow of gas and cease to sell and supply gas within the segment. The Company will begin using its system to sell and supply gas to the customers within the segment. Also, all customer meters and regulators shall become property of the Company. In addition, the Town shall transfer the following assets on the Segment Connection Date or shortly thereafter:

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

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

In consideration for the exclusive franchise granted to the Company and the transfer of certain assets, the Town shall receive \$25,000 and the agreement of the Company to construct a new gas distribution system. The Company has submitted a \$10,000 good faith deposit when the agreement for the purchase of the gas distribution system was proposed to the Town. At the time of acceptance of the agreement by the Town, the good faith deposit was retained and applied against the purchase price. The balance of the purchase price, \$15,000, shall be paid in equal installments of \$2,500 each upon the Segment Connection Date of each of the 6 segments. At December 31, 2011 one segment has been connected to the Company's system. The Town does not anticipate any further obligations or liabilities in connection with the sale and abandonment of its gas distribution system, other than operating costs recognized on an on-going basis.

**Note 19 - CONTINGENCIES**

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

**Note 20 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through March 16, 2012 which is the date the financial statements were available to be issued.

**OTHER SUPPLEMENTARY INFORMATION**

COMPENSATION PAID TO MEMBERS OF THE TOWN COUNCIL

**Town of Golden Meadow**

For the Year Ended December 31, 2011

2011

<u>Name</u>	<u>Office</u>	<u>Compensation</u>	<u>Per Diem*</u>
Joey Bouziga	Mayor	\$ 40,609	
David Adams	Councilman	-	\$ 6,000
Mike Billiot	Councilman	-	6,612
Frank Boura	Councilman	-	6,336
Jody Cheramie	Councilman	-	5,510
Priscilla Mounic	Councilwoman	-	6,612
Totals		<u>\$ 40,609</u>	<u>\$ 31,070</u>

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

Table 1

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

**Town of Golden Meadow**

Last Ten Years

(Unaudited)

<u>Year</u>	<u>General Government</u>	<u>Public Safety Police</u>	<u>Streets and Highways</u>	<u>Sanitation</u>	<u>Civil Defense</u>	<u>Drainage and Levee</u>	<u>Culture and Recreation</u>	<u>Debt Service</u>	<u>Total</u>
2002	\$ 213,477	\$ 287,815	\$ 126,560	\$ 21,286	\$ 858	\$ 134,170	\$ 64,975	\$ 47,906	\$ 897,047
2003	191,649	301,999	173,251	15,799	-	132,444	108,246	10,819	934,207
2004	219,485	348,162	172,652	14,858	-	133,119	104,426	18,911	1,011,613
2005	278,337	325,082	200,906	9,459	-	156,664	92,348	15,436	1,078,232
2006	228,837	309,092	185,662	13,401	-	172,944	120,102	14,610	1,044,648
2007	249,600	303,512	186,871	15,703	-	178,301	103,076	7,191	1,044,254
2008	304,564	342,853	238,986	14,767	-	246,692	111,043	23,650	1,282,555
2009	328,691	495,408	236,153	25,347	-	152,882	153,649	26,757	1,418,887
2010	513,738	565,486	216,896	16,162	-	157,377	172,639	37,930	1,680,228
2011	307,029	578,796	231,686	20,270	-	155,908	164,602	60,815	1,519,106

Note

(1) Includes General, Special Revenue, and Debt Service Funds (amounts do not include the Capital Outlay expenditures of the funds)



**Table 2**

**GENERAL GOVERNMENTAL REVENUE BY SOURCE (1)**

**Town of Golden Meadow**

Last Ten Years

(Unaudited)

Year	Taxes	Fines and Forfeitures	Intergovernmental Revenues	License, Permits and Franchises	Charges for Services	Investment Income	Miscellaneous Revenues	Total
2002	\$ 412,222	\$ 259,663	\$ 196,250	\$ 162,397	\$ 31,926	\$ 20,843	\$ 40,289	\$ 1,123,590
2003	443,380	211,204	281,022	175,096	53,351	12,336	58,356	1,234,745
2004	442,078	224,777	268,117	170,007	52,218	13,410	201,725	1,372,332
2005	429,374	317,085	235,380	172,546	53,673	36,015	73,156	1,317,229
2006	550,285	276,432	764,909	168,195	59,523	56,847	46,689	1,922,880
2007	712,041	362,291	260,226	193,255	57,280	61,657	52,248	1,698,998
2008	813,248	411,800	224,205	179,415	45,247	38,133	68,127	1,780,175
2009	690,700	750,791	467,486	181,560	41,896	11,278	38,337	2,182,048
2010	729,974	605,826	1,052,476	183,682	59,077	9,178	123,602	2,763,815
2011	760,773	585,627	188,949	174,574	43,658	6,141	46,418	1,806,140

Note

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

**Table 3**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Town of Golden Meadow**

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2002	\$ 147,142	\$ 141,956	96.5%	\$ 2,883	\$ 144,839	98.4%	\$ 13,463	9.1%
2003	151,942	190,838	125.6%	1,671	192,509	126.7%	16,817	11.1%
2004	162,893	149,637	91.9%	1,634	151,271	92.9%	16,135	9.9%
2005	147,416	162,161	110.0%	5,465	167,262	113.5%	15,956	10.8%
2006	149,846	145,738	97.3%	3,478	149,216	99.6%	3,436	2.3%
2007	165,719	144,523	87.2%	926	145,449	87.8%	1,793	1.1%
2008	183,114	161,568	88.2%	2,278	163,846	89.5%	13,639	7.4%
2009	181,835	177,303	97.5%	2,602	179,905	98.9%	13,066	7.2%
2010	194,029	171,210	88.2%	2,377	173,587	89.5%	12,988	6.7%
2011	186,174	184,075	98.9%	4,825	188,900	101.5%	19,941	10.7%

**PRINCIPAL TAXPAYERS****Town of Golden Meadow**

December 31, 2011

(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2011 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Community Bank of Lafourche	Bank	\$ 1,238,220	14.07%
Lafourche Telephone Co	Telephone	729,510	8.29%
State Bank & Trust Co.	Bank	700,630	7.96%
Apache Corp	Oil & Gas	181,900	2.06%
Capital One Bank	Bank	173,060	1.97%
Golden Meadow Hardware	Hardware	91,790	1.04%
Entergy	Electric Utility	81,080	0.92%
Elysium Jennings	Oil & Gas	80,600	0.92%
Teche Electric	Hardware	62,750	0.71%
Allport Services	Oil & Gas	56,490	0.64%
Totals		<u>\$ 3,396,030</u>	<u>38.58%</u>

**Table 5**

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

**Town of Golden Meadow**

Year	Population	Assessed Value	Gross Bonded Debt (1)	Debt		Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
				Service Monies Available	Net Bonded Debt			
2001	2,271	\$ 7,004,060	\$ 40,000	\$ 68,487	\$ -	-	\$ -	
2002	2,271	6,956,970	-	-	-	-	-	
2003	2,271	7,183,920	-	-	-	-	-	
2004	2,271	7,701,800	-	-	-	-	-	
2005	2,271	6,970,020	-	-	-	-	-	
2006	2,193	7,084,910	-	-	-	-	-	
2007	2,193	7,835,450	-	-	-	-	-	
2008	2,193	8,657,850	-	-	-	-	-	
2009	2,385	8,597,390	25,000	-	-	-	-	
2010	2,183	9,173,900	256,348	344	256,004	2.79%	117.27	
2011	2,193	8,802,570	253,777	14,400	239,377	2.72%	109.16	

Note:

(1) Includes all long-term general obligation debt.

**Table 6**

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

**Town of Golden Meadow**

Last Ten Years

(Unaudited)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2002	\$ 40,000	\$ 1,300	\$ 41,300	\$ 897,047	4.6%
2003	-	-	-	934,207	0.0%
2004	-	-	-	1,011,613	0.0%
2005	-	-	-	1,078,232	0.0%
2006	-	-	-	1,044,648	0.0%
2007	-	-	-	1,044,254	0.0%
2008	-	-	-	1,282,555	0.0%
2009	-	-	-	1,418,887	0.0%
2010	1,652	9,188	10,840	1,680,228	0.6%
2011	2,571	11,485	14,056	1,519,106	0.9%

Note:

(1) Includes General, Special Revenue, and Debt Service Funds (amounts do not include the capital expenditures of the funds)

**MISCELLANEOUS STATISTICS**

**Town of Golden Meadow**

December 31, 2011

(Unaudited)

Date of incorporation	July 17, 1950
Form of government	Mayor - Council
Area	4 square miles
Miles of street	11.5
Number of street lights	419
Fire protection: (volunteer firemen)	
Number of stations	2
Number of firemen	25
Police protection:	
Number of stations	1
Number of policemen and officers	6
Municipal gas department:	
Number of consumers - December 31, 2011	299
Average annual consumption per customer	39.85 MCF
Miles of gas mains	20
Municipal sewer department	
Number of consumers - December 31, 2011	289
Recreation and culture:	
Number of parks	1 with 40 acres
Number of libraries	1
Employees:	
Excluding policemen and summer pool workers	9

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

December 31, 2011

(Unaudited)

<u>Name of Insurer</u>	<u>Policy Period</u> <u>From</u>	<u>To</u>	<u>Details of Coverage</u>	<u>Amount</u>
Peachtree Special Risk Brokers	7/21/2011	7/21/2012	Flood Insurance - Multi-Purpose Building and Emergency Center Tenant improvements and betterments	\$ 1,800,000 100,000
Continental Insurance Company	12/21/2010	12/21/2013	Public Employee's Blanket Bond Deductible	10,000 1,000
Western Surety	1/1/2011	1/1/2012	Public Official's Bond - Chief of Police/	10,000
CNA Surety	12/1/2011	12/1/2012	Official Bond and Oath-Town Clerk	10,000
Louisiana Municipal Risk Management Agency	1/1/2011	1/1/2012	Workmen's Compensation	LA Statutes
Essex Insurance Company	3/6/2011	3/6/2012	Automobile Collision/Comprehension - Various Autos Total (actual CV for cost of Deductible - specified perils Deductible - collision	283,386 250 250
Agency Management Corporation	2/11/2011	2/11/2012	Commercial Inland Marine Coverage - Equipment Total Physical damage Deductible	184,652 1,000
Louisiana Citizens Property Insurance Company	11/20/2011	11/20/2012	DMV Building 90% Replacement Cost Deductible  DMV Building - Contents 90% Replacement Cost Deductible  Wind and Hail - 5% deductible	151,700 2,500 52,000 2,500
Laris Insurance Agency	12/19/2011	12/19/2012	Flood Insurance DMV Building Contents Deductible	199,700 57,900 1,000
American Bankers Insurance Company	4/16/2011	4/16/2012	Flood Insurance Meter Station - Contents Deductible	8,300 500
American Bankers Insurance Company	5/6/2011	5/6/2012	Flood Insurance Town Hall - Contents Town Hall -Contents Deductible	50,000 5,000 3,000
American Bankers Insurance Company	5/16/2011	5/16/2012	Flood Insurance Town Hall-additional contents Deductible	43,200 500
American Bankers Insurance Company of FL	8/20/2011	8/20/2012	Flood Insurance New Town Hall-Building New Town Hall-Contents Deductible	500,000 100,000 2,000

**Table 8**  
**(Continued)**

**INSURANCE IN FORCE**

**Town of Golden Meadow**

December 31, 2011

(Unaudited)

Name of Insurer	Policy Period From	To	Details of Coverage	Amount
Travelers Property Casualty Company	1/7/2011	1/7/2012	Water Pumping Station - Dursette Street Limit per accident Spoilage Deductible	1,030,000 25,000 2,500
Louisiana Citizens Property Insurance Company	8/25/2011	8/25/2012	Fire, Extended Coverage, V & M on Buildings Town Hall Town Hall Contents Town Hall Addition and Town Hall Jail Swimming Pool Bathhouse Town Maintenance Building Pumping Station Park - Dressing/Restrooms Senior Citizens Building Senior Citizens Ceramic Shop Pavillion Deductible 80% Co-Insurance Wind and Hail - 5% deductible	90,000 35,000 35,000 75,000 45,000 15,000 40,000 90,000 15,000 60,000 2,500
Louisiana Municipal Risk Management Agency Liability Pool	5/1/2010	5/1/2011	Comprehensive Liability Coverage under the LMA Plan 1 Comprehensive General Liability Medical Payments Deductible - per person Deductible - per accident Deductible - per occurrence 2 Automobile Liability Deductible 3 Law Enforcement Officers' Comprehensive Liability Deductible 4 Public Official's Errors and Omissions Liability Deductible	500,000 1,000 10,000 50,000 500,000 1,000 500,000 - 500,000 -
Burns and Wilcox, Limited Scottsdale Insurance Company	5/5/2011	5/5/2012	Electronic Data Processing Equipment Deductible	11,630 500
Louisiana Municipal Risk Management Agency Liability Pool	5/1/2010	5/1/2011	Comprehensive Liability Coverage under the LMA Plan 1 Comprehensive General Liability Medical Payments Deductible per person Deductible per accident Deductible per occurrence 2 Automobile Liability Deductible 3 Law Enforcement Officers' Comprehensive Liability Deductible 4 Public Official's Errors and Omissions Liability Deductible	500,000 1,000 10,000 50,000 500,000 1,000 500,000 - 500,000 -
Scottsdale Insurance Company	5/5/2010	5/5/2011	Electronic Data Processing Equipment Deductible	11,630 500



**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Golden Meadow, Louisiana (the Town) as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 16, 2012. 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.

**Internal Control Over Financial Reporting**

Management of the Town of Golden Meadow is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses, as item 11-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Town in a separate letter dated March 16, 2012.

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and Town Council, management, the Legislative Auditor for the State of Louisiana and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bougesin Bennett, L.L.C.*  
Certified Public Accountants

Houma, Louisiana,  
March 16, 2012.

## SCHEDULE OF FINDINGS AND RESPONSES

### Town of Golden Meadow, Louisiana

For the year ended December 31, 2011

#### Section I Summary of Auditor's Results

##### a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?    yes         no

##### b) Federal Awards

Town of Golden Meadow did not expend federal awards exceeding \$500,000 during the year ended December 31, 2011 and therefore is exempt from the audit requirements under the Single Audit Act and OMB A-133, Audits of States, Local Governments and Non-Profit Organizations

#### Section II Financial Statement Findings

**11-1 Criteria-**Effective internal controls requires that an entity have staffing with technical expertise, knowledge and available time to prepare financial statements and all disclosures in accordance with generally accepted accounting principles as part of its control process.

**Condition-**Management lacks the qualifications necessary to prepare financial statements and all disclosures in accordance with generally accepted accounting principles. Possessing suitable skills, knowledge and experience to oversee services an auditor provides in assisting with financial statements presentation requires a lower level of technical knowledge than the expertise required to prepare the statements and all disclosures.

**Effect-**The Town has a recognized deficiency in its internal control.

**SCHEDULE OF FINDINGS AND RESPONSES**  
(continued)

**Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

**Section II Financial Statement Findings (continued)**

**11-1 (continued)**

**Cause-**The Town has not determined a need for staff possessing the required technical expertise.

**Recommendation-**We recommend the Town consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting principles.

**Views of Responsible Officials of the Auditee-**When there is a disagreement with the Finding to the External Protocol-None

**Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

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

## **Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

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

#### **Internal Control Over Financial Reporting**

**10-1 Recommendation** – The Town should consider the need for having personnel with technical expertise and knowledge to prepare financial statements and disclosure in accordance with generally accepted accounting procedures.

**Management's Response** – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation, unresolved see finding 11-1.

#### **Compliance and Other Matters**

No compliance findings material to the basic financial statement were noted during the audit for the year ending December 31, 2010.

### **Section II Internal Control and Compliance Material to Federal Awards**

No internal control or compliance findings material to Federal Awards were noted during the audit for the year ending December 31, 2010.

### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2010.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Town of Golden Meadow, Louisiana**

For the year ended December 31, 2011

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

#### **Internal Control Over Financial Reporting**

**11-1 Recommendation** – The Town should consider the need for having personnel with technical expertise and knowledge to prepare financial statements and disclosure in accordance with generally accepted accounting procedures.

**Management's Response** – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation

#### **Compliance and Other Matters**

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2011.

### **Section II Internal Control and Compliance Material to Federal Awards**

Town of Golden Meadow did not expend federal awards exceeding \$500,000 during the year ended December 31, 2011 and therefore is exempt from the audit requirements under the Single Audit Act and OMB A-133, Audits of States, Local Governments and Non-Profit Organizations

### **Section III Management Letter**

**11-2 Recommendation** – We recommend the Town comply with state budget laws by amending its budget to ensure that actual revenues and expenditures do not create an unfavorable variance as compared to budgeted revenue and expenditures by greater than five percent.

**Management's Response** – The Town will amend budgets prior to the fiscal year end so the budget is in compliance with state budget laws.



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

We have audited the basic financial statements of the Town of Golden Meadow, State of Louisiana (the Town), as of and for the year ended December 31, 2011, and have issued our report thereon dated March 16, 2012. 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. In planning and performing our audit, we considered the Town's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represent immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the Town's compliance in our report dated March 16, 2012. This letter does not affect our report dated March 16, 2012 on the basic financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the District, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendations.

Sincerely,

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 16, 2012.

## **MANAGEMENT COMMENTS**

### **Town of Golden Meadow**

For the year ended December 31, 2011

**11-2 Criteria** – Louisiana Revised Statute 39:1304-1314 requires the chief executive or administrative officer to advise the governing authority when actual revenues are less than budgeted revenues by five percent or actual expenditures exceed budgeted expenditures by five percent.

**Condition** – The Town's Street Fund revenues were less than budgeted revenues by 5% or more.

**Context** – Isolated instances for the year ended December 31, 2011.

**Effect** – The Town was not in compliance with the state budget law which may lead to deficit spending in the Street Fund.

**Cause** – The Town's Street Fund budget was not amended to reflect additional revenues.

**Recommendation** – We recommend the Town comply with State budget laws by amending its budget to ensure that actual revenues and expenditures do not create an unfavorable variance as compared to budgeted revenue and expenditures by greater than five percent.