

**TOWN OF MADISONVILLE,  
LOUISIANA**

Annual Financial Statements

June 30, 2022



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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Town as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Correction of Error

As described in Note 1 to the financial statements, accounts receivable of governmental activities was understated by \$59,432 and capital assets of business-type activities was overstated by \$24,201 requiring an adjustment to beginning net position. Our opinion is not modified with respect to this matter.

#### Basis for Opinions

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

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 10, the budgetary comparison information presented as Schedules I and II, and the required supplementary information under GASB Statement No. 68 presented as Schedules III and IV, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context.

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining schedules of non-major enterprise funds, the schedule of compensation paid to members of the board of aldermen, the schedule of compensation, benefits, and other payments to agency head, and the justice system funding schedule - collecting/disbursing entity - general fund are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA  
December 16, 2022

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

# TOWN OF MADISONVILLE, LOUISIANA

## Management's Discussion and Analysis

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As management of the Town of Madisonville, Louisiana (the Town), we offer readers this narrative overview and financial analysis of the financial activities of the Town as of June 30, 2022, and for the year then ended.

### Financial Highlights

The Town's assets exceeded its liabilities by \$17,578,687 and \$15,716,601 at June 30, 2022 and 2021 (as restated), respectively (*net position*). Of this amount, \$3,998,314, (*unrestricted net position*) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$1,862,086 and \$2,219,810 for the years ended June 30, 2022 and 2021 (as restated), respectively.

The Town's governmental funds reported combined ending fund balances of \$3,933,003 and \$1,853,378 at June 30, 2022 and 2021 (as restated), respectively. Combined governmental fund balances increased by \$2,079,625 and decreased by \$371,522 for the years ended June 30, 2022 and 2021 (as restated), respectively.

### Overview of Financial Statements

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

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

### Government-Wide Financial Statements

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

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

## TOWN OF MADISONVILLE, LOUISIANA

### Management's Discussion and Analysis

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

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

### Fund Financial Statements

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

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

### Notes to the Financial Statements

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

# TOWN OF MADISONVILLE, LOUISIANA

## Management's Discussion and Analysis

### Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021 as Restated	2022	2021 as Restated	2022	2021 as Restated
<b>Assets</b>						
Current Assets	\$ 4,016,365	\$ 2,263,227	\$ 4,166,819	\$ 4,688,714	\$ 8,183,184	\$ 6,951,941
Capital Assets	6,908,285	6,466,392	6,775,640	6,746,307	13,683,925	13,212,699
<b>Total Assets</b>	<b>10,924,650</b>	<b>8,729,619</b>	<b>10,942,459</b>	<b>11,435,021</b>	<b>21,867,109</b>	<b>20,164,640</b>
<b>Deferred Outflows of Resources</b>	<b>162,339</b>	<b>286,138</b>	<b>56,199</b>	<b>105,628</b>	<b>218,538</b>	<b>391,766</b>
<b>Liabilities</b>						
Current and Other Liabilities	83,362	409,849	941,835	622,579	1,025,197	1,032,428
Long-Term Liabilities	309,230	561,958	2,750,216	3,183,367	3,059,446	3,745,325
<b>Total Liabilities</b>	<b>392,592</b>	<b>971,807</b>	<b>3,692,051</b>	<b>3,805,946</b>	<b>4,084,643</b>	<b>4,777,753</b>
<b>Deferred Inflows of Resources</b>	<b>166,298</b>	<b>36,230</b>	<b>256,019</b>	<b>25,822</b>	<b>422,317</b>	<b>62,052</b>
<b>Net Position</b>						
Net Investment in Capital Assets	6,908,285	6,466,392	4,259,640	3,961,307	11,167,925	10,427,699
Restricted - Sales Tax Usage	1,426,082	1,149,655	-	-	1,426,082	1,149,655
Restricted - Revenue Bonds	-	-	986,366	865,273	986,366	865,273
Unrestricted	2,193,732	391,673	1,804,582	2,882,301	3,998,314	3,273,974
<b>Total Net Position</b>	<b>\$ 10,528,099</b>	<b>\$ 8,007,720</b>	<b>\$ 7,050,588</b>	<b>\$ 7,708,881</b>	<b>\$ 17,578,687</b>	<b>\$ 15,716,601</b>

The amount of net investment in capital assets represents 64% of total net position. Net investment in capital assets consists of land, infrastructure, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

# TOWN OF MADISONVILLE, LOUISIANA

## Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021 as Restated	2022	2021 as Restated	2022	2021 as Restated
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 4,685,115	\$ 4,182,265	\$ 4,685,115	\$ 4,182,265
Operating Grants and Contributions	553,657	50,392	11,096	11,096	564,753	61,488
Capital Grants and Contributions	114,822	195,456	191,554	428,276	306,376	623,732
General Revenues						
Taxes	1,897,614	1,674,175	-	-	1,897,614	1,674,175
Licenses and Permits	219,998	218,730	-	-	219,998	218,730
Fines and Forfeitures	281,786	227,985	-	-	281,786	227,985
Other Revenue	198,608	167,210	14,816	13,002	213,424	180,212
Gain on Sale of Capital Assets	20,781	-	-	-	20,781	-
Investment Earnings	6,301	2,154	8,509	5,066	14,810	7,220
<b>Total Revenues</b>	<b>3,293,567</b>	<b>2,536,102</b>	<b>4,911,090</b>	<b>4,639,705</b>	<b>8,204,657</b>	<b>7,175,807</b>
<b>Expenses</b>						
Hurricane Recovery	696,367	-	-	-	696,367	-
General Government	570,220	507,101	-	-	570,220	507,101
Public Safety	596,071	642,516	-	-	596,071	642,516
Public Works	512,135	475,887	-	-	512,135	475,887
Recreation	12,233	38,661	-	-	12,233	38,661
Gas	-	-	3,214,920	2,475,412	3,214,920	2,475,412
Sewer	-	-	343,512	379,225	343,512	379,225
Water	-	-	201,198	239,329	201,198	239,329
Garbage	-	-	126,488	121,345	126,488	121,345
Interest Expense	-	-	69,427	76,521	69,427	76,521
<b>Total Expenses</b>	<b>2,387,026</b>	<b>1,664,165</b>	<b>3,955,545</b>	<b>3,291,832</b>	<b>6,342,571</b>	<b>4,955,997</b>
<b>Change in Net Position Before Transfers</b>	<b>906,541</b>	<b>871,937</b>	<b>955,545</b>	<b>1,347,873</b>	<b>1,862,086</b>	<b>2,219,810</b>
<b>Transfers</b>	<b>1,613,838</b>	<b>39,952</b>	<b>(1,613,838)</b>	<b>(39,952)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>2,520,379</b>	<b>911,889</b>	<b>(658,293)</b>	<b>1,307,921</b>	<b>1,862,086</b>	<b>2,219,810</b>
<b>Net Position, Beginning of Year, Restated</b>	<b>8,007,720</b>	<b>7,095,831</b>	<b>7,708,881</b>	<b>6,400,960</b>	<b>15,716,601</b>	<b>13,496,791</b>
<b>Net Position, End of Year</b>	<b>\$ 10,528,099</b>	<b>\$ 8,007,720</b>	<b>\$ 7,050,588</b>	<b>\$ 7,708,881</b>	<b>\$ 17,578,687</b>	<b>\$ 15,716,601</b>

## TOWN OF MADISONVILLE, LOUISIANA

### Management's Discussion and Analysis

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#### **Financial Analysis of the Funds**

The Town's General Fund had an increase in fund balance of \$1,803,198 for the year ended June 30, 2022. The Town's Special Revenue Fund had an increase in fund balance of \$276,427 for the year ended June 30, 2022. Total governmental fund amounts are different from governmental activities due to capital assets, depreciation of capital assets, and net pension liability.

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

#### **Budget Highlights**

As required by law, the Town adopts a budget for its General Fund and Special Revenue Fund. The Town amended its General Fund budget for the year ended June 30, 2022.

#### **Capital Asset Administration**

Capital assets, net of accumulated depreciation, increased by \$471,226 for the year ended June 30, 2022. This was principally due to additions of \$642,078 and \$269,198 in governmental activities and business-type activities capital assets being depreciated, respectively, which exceeded depreciation of \$200,185 and \$239,865, respectively.

#### **Long-Term Debt**

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$2,785,000. The entire amount was secured by the revenues of the Gas Fund.

The Town's total long-term debt decreased by \$55,000 due to scheduled debt payments. Additional information on the Town's long-term debt can be found in the notes to the financial statements.

#### **Requests for Information**

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

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2022**

**Statement A**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 308,072	\$ -	\$ 308,072
Investments	2,853,941	2,626,813	5,480,754
Receivables, Net	854,352	284,640	1,138,992
Restricted Cash and Cash Equivalents	-	1,255,366	1,255,366
Capital Assets, Net	6,908,285	6,775,640	13,683,925
<b>Total Assets</b>	<b>10,924,650</b>	<b>10,942,459</b>	<b>21,867,109</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows on Pension Obligation	162,339	56,199	218,538
<b>Total Deferred Outflows of Resources</b>	<b>162,339</b>	<b>56,199</b>	<b>218,538</b>
<b>Liabilities</b>			
Accounts Payable	83,362	201,074	284,436
Customer Deposits	-	471,761	471,761
Bonds Payable			
Due in One Year	-	269,000	269,000
Due in More than One Year	-	2,516,000	2,516,000
Net Pension Liability	309,230	234,216	543,446
<b>Total Liabilities</b>	<b>392,592</b>	<b>3,692,051</b>	<b>4,084,643</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows on Pension Obligation	166,298	99,202	265,500
Deferred Grant Proceeds	-	156,817	156,817
<b>Total Deferred Inflows of Resources</b>	<b>166,298</b>	<b>256,019</b>	<b>422,317</b>
<b>Net Position</b>			
Net Investment in Capital Assets	6,908,285	4,259,640	11,167,925
Restricted - Sales Tax Usage	1,426,082	-	1,426,082
Restricted - Revenue Bonds	-	986,366	986,366
Unrestricted	2,193,732	1,804,582	3,998,314
<b>Total Net Position</b>	<b>\$ 10,528,099</b>	<b>\$ 7,050,588</b>	<b>\$ 17,578,687</b>

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

**Statement B**

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Hurricane Recovery	\$ 696,367	\$ -	\$ 501,965	\$ -	\$ (194,402)	\$ -	\$ (194,402)
General Government	570,220	-	-	96,822	(473,398)	-	(473,398)
Public Safety	596,071	-	51,692	-	(544,379)	-	(544,379)
Public Works	512,135	-	-	-	(512,135)	-	(512,135)
Recreation	12,233	-	-	18,000	5,767	-	5,767
<b>Total Governmental Activities</b>	<b>2,387,026</b>	<b>-</b>	<b>553,657</b>	<b>114,822</b>	<b>(1,718,547)</b>	<b>-</b>	<b>(1,718,547)</b>
<b>Business-Type Activities</b>							
Gas	3,214,920	4,009,695	7,984	-	-	802,759	802,759
Sewer	343,512	313,276	1,480	137,851	-	109,095	109,095
Water	201,198	226,739	1,480	53,703	-	80,724	80,724
Garbage	126,488	135,405	152	-	-	9,069	9,069
Interest Expense	69,427	-	-	-	-	(69,427)	(69,427)
<b>Total Business-Type Activities</b>	<b>3,955,545</b>	<b>4,685,115</b>	<b>11,096</b>	<b>191,554</b>	<b>-</b>	<b>932,220</b>	<b>932,220</b>
<b>Total</b>	<b>\$ 6,342,571</b>	<b>\$ 4,685,115</b>	<b>\$ 564,753</b>	<b>\$ 306,376</b>	<b>(1,718,547)</b>	<b>932,220</b>	<b>(786,327)</b>
<b>General Revenues</b>							
Taxes							
Sales and Use Taxes					1,665,944	-	1,665,944
Property Taxes					145,529	-	145,529
Franchise Taxes					81,222	-	81,222
Other Taxes					4,919	-	4,919
Licenses and Permits					219,998	-	219,998
Fines and Forfeitures					281,786	-	281,786
Other Revenues					198,608	14,816	213,424
Gain on Sale of Capital Assets					20,781	-	20,781
Interest Income					6,301	8,509	14,810
<b>Transfers</b>					<b>1,613,838</b>	<b>(1,613,838)</b>	<b>-</b>
<b>Total General Revenues</b>					<b>4,238,926</b>	<b>(1,590,513)</b>	<b>2,648,413</b>
<b>Change in Net Position</b>					<b>2,520,379</b>	<b>(658,293)</b>	<b>1,862,086</b>
<b>Net Position, Beginning of Year</b>					<b>7,948,288</b>	<b>7,733,082</b>	<b>15,681,370</b>
<b>Prior Period Adjustment</b>					<b>59,432</b>	<b>(24,201)</b>	<b>35,231</b>
<b>Net Position, Beginning of Year, Restated</b>					<b>8,007,720</b>	<b>7,708,881</b>	<b>15,716,601</b>
<b>Net Position, End of Year</b>					<b>\$ 10,528,099</b>	<b>\$ 7,050,588</b>	<b>\$ 17,578,687</b>

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

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

**Statement C**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 924,869	\$ 17,017	\$ 941,886
Investments	954,758	1,899,183	2,853,941
Receivables	697,786	156,566	854,352
<b>Total Assets</b>	<b>\$ 2,577,413</b>	<b>\$ 2,072,766</b>	<b>\$ 4,650,179</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Deficit in Pooled Cash	\$ -	\$ 633,814	\$ 633,814
Accounts Payable	70,492	12,870	83,362
<b>Total Liabilities</b>	<b>70,492</b>	<b>646,684</b>	<b>717,176</b>
<b>Fund Balances</b>			
Restricted for:			
Sales Tax Usage	-	1,426,082	1,426,082
Unassigned			
General Fund	2,506,921	-	2,506,921
<b>Total Fund Balances</b>	<b>2,506,921</b>	<b>1,426,082</b>	<b>3,933,003</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,577,413</b>	<b>\$ 2,072,766</b>	<b>\$ 4,650,179</b>

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

**Statement D**

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 3,933,003</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>	
Governmental Capital Assets	8,762,264
Less: Accumulated Depreciation	(1,853,979)
<p>Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
	(166,298)
<p>Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
	162,339
<p>Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
	<u>(309,230)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 10,528,099</u></u></b>

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

**Statement E**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>			
Taxes			
Sales and Use Taxes	\$ 832,972	\$ 832,972	\$ 1,665,944
Property Taxes	145,529	-	145,529
Franchise Taxes	81,222	-	81,222
Other Taxes	4,919	-	4,919
Intergovernmental Grants	553,657	114,822	668,479
Fines and Forfeitures	281,786	-	281,786
Licenses and Permits	219,998	-	219,998
Other Revenues	163,090	19,350	182,440
Proceeds from Sale of Capital Assets	20,781	-	20,781
Interest Income	2,169	4,132	6,301
<b>Total Revenues</b>	<b>2,306,123</b>	<b>971,276</b>	<b>3,277,399</b>
<b>Expenditures</b>			
Current			
Hurricane Recovery	696,367	-	696,367
General Government	549,917	-	549,917
Public Safety	510,798	-	510,798
Public Works	-	402,245	402,245
Recreation	-	10,207	10,207
Capital Outlay	359,681	282,397	642,078
<b>Total Expenditures</b>	<b>2,116,763</b>	<b>694,849</b>	<b>2,811,612</b>
<b>Excess of Revenues Over Expenditures</b>	<b>189,360</b>	<b>276,427</b>	<b>465,787</b>
<b>Other Financing Sources</b>			
Transfers In	1,613,838	-	1,613,838
<b>Net Change in Fund Balances</b>	<b>1,803,198</b>	<b>276,427</b>	<b>2,079,625</b>
<b>Fund Balances, Beginning of Year</b>	<b>644,291</b>	<b>1,149,655</b>	<b>1,793,946</b>
<b>Prior Period Adjustment</b>	<b>59,432</b>	<b>-</b>	<b>59,432</b>
<b>Fund Balances, Beginning of Year, Restated</b>	<b>703,723</b>	<b>1,149,655</b>	<b>1,853,378</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,506,921</b>	<b>\$ 1,426,082</b>	<b>\$ 3,933,003</b>

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2022**

**Statement F**

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<b>Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,079,625</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	441,893
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Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions.	<u>(1,139)</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 2,520,379</u></u></b>
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The accompanying notes are an integral part of these financial statements.

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

**Statement G**

	Gas Fund	Non-Major Funds	Total
<b>Assets</b>			
<b>Current Assets</b>			
Investments	\$ 2,626,813	\$ -	\$ 2,626,813
Accounts Receivable, Net	213,507	71,133	284,640
<b>Total Current Assets</b>	<b>2,840,320</b>	<b>71,133</b>	<b>2,911,453</b>
<b>Non-Current Assets</b>			
Restricted Cash and Cash Equivalents	1,255,366	-	1,255,366
Capital Assets, Net	4,665,088	2,110,552	6,775,640
<b>Total Non-Current Assets</b>	<b>5,920,454</b>	<b>2,110,552</b>	<b>8,031,006</b>
<b>Total Assets</b>	<b>8,760,774</b>	<b>2,181,685</b>	<b>10,942,459</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows on Pension Obligation	43,799	12,400	56,199
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 8,804,573</b>	<b>\$ 2,194,085</b>	<b>\$ 10,998,658</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 123,169	\$ 77,905	\$ 201,074
<b>Total Current Liabilities</b>	<b>123,169</b>	<b>77,905</b>	<b>201,074</b>
<b>Current Liabilities Payable from Restricted Assets</b>			
	269,000	-	269,000
<b>Non-Current Liabilities</b>			
Customer Deposits	411,943	59,818	471,761
Bonds Payable	2,516,000	-	2,516,000
Net Pension Liability	182,538	51,678	234,216
<b>Total Non-Current Liabilities</b>	<b>3,110,481</b>	<b>111,496</b>	<b>3,221,977</b>
<b>Total Liabilities</b>	<b>3,502,650</b>	<b>189,401</b>	<b>3,692,051</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows on Pension Obligation	77,314	21,888	99,202
Deferred Grant Proceeds	-	156,817	156,817
<b>Total Deferred Inflows of Resources</b>	<b>77,314</b>	<b>178,705</b>	<b>256,019</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,149,088	2,110,552	4,259,640
Restricted - Revenue Bonds	986,366	-	986,366
Unrestricted Net Position	2,089,155	(284,573)	1,804,582
<b>Total Net Position</b>	<b>5,224,609</b>	<b>1,825,979</b>	<b>7,050,588</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 8,804,573</b>	<b>\$ 2,194,085</b>	<b>\$ 10,998,658</b>

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

**Statement H**

	<b>Gas Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Services			
Gas Sales	\$ 4,009,695	\$ -	\$ 4,009,695
Sewer Service Charges	-	313,276	313,276
Water Sales	-	226,739	226,739
Garbage Collection Fees	-	135,405	135,405
<b>Total Operating Revenues</b>	<b>4,009,695</b>	<b>675,420</b>	<b>4,685,115</b>
<b>Operating Expenses</b>			
Gas Purchased	1,657,144	-	1,657,144
Repairs and Maintenance	513,875	97,582	611,457
Administrative and General	351,390	188,022	539,412
Salaries and Related Benefits	394,320	92,980	487,300
Depreciation	167,458	72,409	239,867
Garbage Collection	-	117,881	117,881
Utilities	50,333	37,485	87,818
Water Purchases	-	58,083	58,083
Auto and Truck	42,609	76	42,685
Insurance	27,881	6,680	34,561
Authority Fees	9,910	-	9,910
<b>Total Operating Expenses</b>	<b>3,214,920</b>	<b>671,198</b>	<b>3,886,118</b>
<b>Operating Income</b>	<b>794,775</b>	<b>4,222</b>	<b>798,997</b>
<b>Nonoperating Revenues (Expenses)</b>			
Grant Income and Other Contributions	22,800	194,666	217,466
Interest Income	8,509	-	8,509
Interest Expense	(69,427)	-	(69,427)
<b>Total Nonoperating Revenues (Expenses), Net</b>	<b>(38,118)</b>	<b>194,666</b>	<b>156,548</b>
<b>Income Before Transfers</b>	<b>756,657</b>	<b>198,888</b>	<b>955,545</b>
<b>Transfers</b>			
Transfers In	-	621,268	621,268
Transfers Out	(2,235,106)	-	(2,235,106)
<b>Total Transfers</b>	<b>(2,235,106)</b>	<b>621,268</b>	<b>(1,613,838)</b>
<b>Change in Net Position</b>	<b>(1,478,449)</b>	<b>820,156</b>	<b>(658,293)</b>
<b>Net Position, Beginning of Year</b>	<b>6,703,058</b>	<b>1,030,024</b>	<b>7,733,082</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>(24,201)</b>	<b>(24,201)</b>
<b>Net Position, Beginning of Year, Restated</b>	<b>6,703,058</b>	<b>1,005,823</b>	<b>7,708,881</b>
<b>Net Position, End of Year</b>	<b>\$ 5,224,609</b>	<b>\$ 1,825,979</b>	<b>\$ 7,050,588</b>

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

**Statement I**

	<b>Gas Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 4,003,734	\$ 676,467	\$ 4,680,201
Payments to Suppliers	(2,608,624)	(485,453)	(3,094,077)
Payments to Employees	(417,977)	(110,665)	(528,642)
<b>Net Cash Provided by Operating Activities</b>	<b>977,133</b>	<b>80,349</b>	<b>1,057,482</b>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Grant Income and Other Contributions	22,800	3,112	25,912
Interfund Borrowings and Transfers from Other Funds	(2,235,106)	(162,632)	(2,397,738)
<b>Net Cash Used in Non-Capital Financing Activities</b>	<b>(2,212,306)</b>	<b>(159,520)</b>	<b>(2,371,826)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	-	(269,200)	(269,200)
Proceeds from Capital Grants	-	348,371	348,371
Interest Paid on Capital Debt	(69,427)	-	(69,427)
Principal Paid on Capital Debt	(55,000)	-	(55,000)
<b>Net Cash (Used in) Provided by Capital and Related Financing Activities</b>	<b>(124,427)</b>	<b>79,171</b>	<b>(45,256)</b>
<b>Cash Flows from Investing Activities</b>			
Sale (Purchase) of Investments	844,129	-	844,129
Interest Received	8,509	-	8,509
<b>Net Cash Provided by Investing Activities</b>	<b>852,638</b>	<b>-</b>	<b>852,638</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(506,962)</b>	<b>-</b>	<b>(506,962)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,762,328</b>	<b>-</b>	<b>1,762,328</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,255,366</b>	<b>\$ -</b>	<b>\$ 1,255,366</b>

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

**Statement I**

	<b>Gas Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income	\$ 794,775	\$ 4,222	\$ 798,997
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	167,458	72,409	239,867
(Increase) Decrease in:			
Accounts Receivable	(44,870)	(426)	(45,296)
Increase (Decrease) in:			
Accounts Payable	44,518	20,356	64,874
Customer Deposits	38,909	1,473	40,382
Net Pension Liability	(23,657)	(17,685)	(41,342)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 977,133</b>	<b>\$ 80,349</b>	<b>\$ 1,057,482</b>
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Restricted Cash and Cash Equivalents	1,255,366	-	1,255,366
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,255,366</b>	<b>\$ -</b>	<b>\$ 1,255,366</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Introduction

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

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

### Note 1. Summary of Significant Accounting Policies

#### Reporting Entity

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

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Government-Wide Financial Statements**

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

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

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

#### **Fund Financial Statements**

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

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Fund Financial Statements (Continued)

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

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

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

#### **Budgets and Budgetary Accounting**

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

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

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

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

#### **Cash and Cash Equivalents**

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Cash and Cash Equivalents (Continued)**

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

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

#### **Property Taxes**

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

For the year ended June 30, 2022, the Town levied taxes of 8.55 mills that were dedicated to the General Fund.

#### **Sales Taxes**

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

#### **Accumulated Unpaid Paid Time-Off**

Full time regular employees accrue vacation and sick paid time-off (PTO) at a rate of eight hours per month, up to 96 hours per year. Eligible employees earn an additional 40 hours of PTO after one year of employment and an additional 80 hours of PTO after three years of employment. Accrued PTO may be carried over annually up to a maximum of 240 hours. Any accrued and unused PTO will be paid out upon termination of service. There was no material accumulated PTO as of June 30, 2022 for which the Town would be held liable.

#### **Accounts Receivable**

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance was \$15,000 at June 30, 2022.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Capital Assets

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

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

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

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

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

#### Pensions

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Fund Equity

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

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

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

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

#### Interfund Transactions

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

#### Use of Estimates

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

#### Prior Period Adjustment

The government-wide and fund financial statements include the following prior period adjustments: (1) a prior period adjustment to the General Fund increasing net position by \$59,432, which corrects an error in the June 30, 2021 financial statements related to an understatement of accounts receivable; (2) a prior period adjustment to the Water Fund decreasing net position by \$37,795, which corrects an error in the June 30, 2021 financial statements related to an overstatement of construction in progress; and (3) a prior period adjustment to the Sewer Fund increasing net position by \$13,594, which corrects an error in the June 30, 2021 financial statements related to an understatement of construction in progress. Accordingly, the appropriate accounts receivable and construction in progress balances have been adjusted to reflect the corrections of these errors.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 2. Stewardship, Compliance, and Accountability

#### **Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Special Revenue Fund. All annual appropriations lapse at fiscal year-end. The Town was in compliance with the Local Budget Act at June 30, 2022. See Note 1 for the procedures the Town follows regarding budgets and budgetary accounting.

#### **Deposit and Investment Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At June 30, 2022, the Town was in compliance with the deposit and investment laws and regulations with the exception of one of its banks, due to inadequate collateralization of bank deposits in excess of Federal Deposit Insurance Corporation coverage.

### Note 3. Cash and Cash Equivalents

#### **Custodial Credit Risk**

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

As of June 30, 2022, \$1,078,160 of the Town's bank balance of \$1,810,947 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 4. Investments

Investments of \$5,480,754, as of June 30, 2022, were invested in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute (R.S.) 33:2955.

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

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

- *Credit Risk:* LAMP is rated AAAM by Standard & Poor's.
- *Custodial Credit Risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of Credit Risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest Rate Risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments was 56 as of June 30, 2022.
- *Foreign Currency Risk:* Not applicable.

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

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#### Note 4. Investments (Continued)

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

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

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

#### Note 5. Receivables

The net receivables at June 30, 2022 were as follows:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Natural Gas Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>
Taxes					
Sales and Use	\$ 156,566	\$ 156,566	\$ -	\$ -	\$ 313,132
Franchise	14,352	-	-	-	14,352
Other	526,868	-	-	-	526,868
Utility Accounts					
Sales	-	-	213,507	71,133	284,640
<b>Total</b>	<b>\$ 697,786</b>	<b>\$ 156,566</b>	<b>\$ 213,507</b>	<b>\$ 71,133</b>	<b>\$ 1,138,992</b>

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

**TOWN OF MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

**Note 6. Capital Assets**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2022:

<b>Governmental Activities</b>	<b>Balance June 30, 2021, as Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 651,641	\$ -	\$ -	\$ 651,641
Construction in Progress	1,126,206	615,628	(1,412,390)	329,444
<b>Total Capital Assets Not Depreciated</b>	<b>1,777,847</b>	<b>615,628</b>	<b>(1,412,390)</b>	<b>981,085</b>
<b>Capital Assets Being Depreciated</b>				
Automobiles	656,065	26,450	(243,188)	439,327
Recreation Equipment	185,689	-	-	185,689
Equipment	172,636	-	-	172,636
Office Equipment and Furniture	14,236	-	-	14,236
Buildings and Improvements	950,212	910,350	-	1,860,562
Street and Sidewalk Improvements	2,197,546	-	-	2,197,546
Infrastructure	2,331,471	502,040	-	2,833,511
Other	77,672	-	-	77,672
<b>Total Capital Assets Being Depreciated</b>	<b>6,585,527</b>	<b>1,438,840</b>	<b>(243,188)</b>	<b>7,781,179</b>
<b>Less Accumulated Depreciation for:</b>				
Automobiles	(497,576)	(44,681)	243,188	(299,069)
Recreation Equipment	(143,850)	(2,026)	-	(145,876)
Equipment	(162,649)	(2,520)	-	(165,169)
Office Equipment and Furniture	(11,422)	(796)	-	(12,218)
Buildings and Improvements	(286,527)	(21,830)	-	(308,357)
Street and Sidewalk Improvements	(441,234)	(78,765)	-	(519,999)
Infrastructure	(320,485)	(40,097)	-	(360,582)
Other	(33,239)	(9,470)	-	(42,709)
<b>Total Accumulated Depreciation</b>	<b>(1,896,982)</b>	<b>(200,185)</b>	<b>243,188</b>	<b>(1,853,979)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,688,545</b>	<b>1,238,655</b>	<b>-</b>	<b>5,927,200</b>
<b>Total</b>	<b>\$ 6,466,392</b>	<b>\$ 1,854,283</b>	<b>\$ (1,412,390)</b>	<b>\$ 6,908,285</b>

**TOWN OF MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

**Note 6. Capital Assets (Continued)**

<b>Business-Type Activities</b>	<b>Balance June 30, 2021, as Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2022</b>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 199,159	\$ -	\$ -	\$ 199,159
Construction in Progress	93,098	255,152	-	348,250
<b>Total Capital Assets Not Depreciated</b>	<b>292,257</b>	<b>255,152</b>	<b>-</b>	<b>547,409</b>
<b>Capital Assets Being Depreciated</b>				
Gas Distribution System	7,209,582	-	-	7,209,582
Water Distribution System	713,188	14,046	-	727,234
Sewer Plant and Lines	2,904,073	-	-	2,904,073
<b>Total Capital Assets Being Depreciated</b>	<b>10,826,843</b>	<b>14,046</b>	<b>-</b>	<b>10,840,889</b>
<b>Less Accumulated Depreciation for:</b>				
Gas Distribution System	(2,514,313)	(167,458)	-	(2,681,771)
Water Distribution System	(241,854)	(16,095)	-	(257,949)
Sewer Plant and Lines	(1,616,626)	(56,312)	-	(1,672,938)
<b>Total Accumulated Depreciation</b>	<b>(4,372,793)</b>	<b>(239,865)</b>	<b>-</b>	<b>(4,612,658)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>6,454,050</b>	<b>(225,819)</b>	<b>-</b>	<b>6,228,231</b>
<b>Total</b>	<b>\$ 6,746,307</b>	<b>\$ 29,333</b>	<b>\$ -</b>	<b>\$ 6,775,640</b>

Depreciation was charged to governmental functions as follows for the year ended June 30, 2022:

General Government - Town Hall	\$ 32,096
Public Safety	47,201
Public Works - Street Maintenance	78,765
Public Works - Infrastructure	40,097
Recreation	2,026
<b>Total</b>	<b>\$ 200,185</b>

The Town's active construction contracts as of June 30, 2022 are as follows:

<b>Project</b>	<b>Total Contract</b>	<b>Remaining Commitment</b>
Recreational Trails	\$ 173,200	\$ 53,788

**Note 7. Employee Pension Plans**

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

**Plan Description and Provisions**

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

**Eligibility**

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

**Retirement Benefits**

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

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

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

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

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

**Note 7. Employee Pension Plans (Continued)**

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

**Survivor's Benefits**

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

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

**Deferred Retirement Option Plan (DROP) Benefits**

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

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

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

**Note 7. Employee Pension Plans (Continued)**

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

**Disability Benefits**

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

**Cost-of-Living Increases**

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

**Deferred Benefits**

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

**Employer Contributions**

According to state statute, contribution requirements for all employers are actuarially determined each year. The employer contribution rate in effect during the fiscal year ended June 30, 2022 was 15.50% for Plan B.

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

**TOWN OF MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

**Note 7. Employee Pension Plans (Continued)**

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

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

At June 30, 2022, the Town reported a liability of \$412,069 for its proportionate share of the net pension liability which is recorded on the financial statements as follows:

	<b>Net Pension Liability</b>
Governmental Activities	\$ 177,853
Business-Type Activities	
Gas Fund	182,538
Non-Major Enterprise Funds	
Water Fund	23,863
Sewer Fund	23,863
Garbage Fund	3,952
	<hr/>
<b>Total</b>	<b>\$ 412,069</b>

The net pension liability was measured as of June 30, 2021, and was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At June 30, 2021, the Town's proportion was .711310%.

For the year ended June 30, 2022, the Town recognized pension expense of \$79,778. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ 17,005
Changes of Assumptions	16,676	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	111,357
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	46,170
Employer Contributions Subsequent to the Measurement Date	82,197	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 98,873</b>	<b>\$ 174,532</b>

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

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Note 7. Employee Pension Plans (Continued)

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

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

Deferred outflows of resources in the amount of \$82,197 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (49,320)
2024	(40,522)
2025	(28,882)
2026	(39,131)
<b>Total</b>	<b><u>\$ (157,855)</u></b>

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	6.85%, net of investment expense, including inflation
Inflation Rate	2.5%
Projected Salary Increases	
- 1 to 4 Years	6.40%
- More than 4 Years	4.50%
Mortality Rates	PubG-2010(B) Employee and Healthy Retiree tables set equal to 120% for males and females using their respective male and female MP2018 scale. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Expected Remaining Service Lives	3 years

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 7. Employee Pension Plans (Continued)

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

##### **Actuarial Assumptions (Continued)**

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee.

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 7. Employee Pension Plans (Continued)

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

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

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

	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Town's Proportionate Share of the Net Pension Liability	\$ 632,198	\$ 412,069	\$ 225,879

##### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the Municipal Employees' Retirement System of Louisiana for the year ended June 30, 2021. Access to the report can be found on the Louisiana Legislative Auditor's website at [www.lia.la.gov](http://www.lia.la.gov).

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

##### **Plan Description and Provisions**

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

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

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#### Note 7. Employee Pension Plans (Continued)

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

##### **Plan Description and Provisions (Continued)**

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

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

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

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

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

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

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#### Note 7. Employee Pension Plans (Continued)

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

###### **Plan Description and Provisions (Continued)**

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

###### **Deferred Retirement Option Plan (DROP)**

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

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

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

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

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#### Note 7. Employee Pension Plans (Continued)

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

###### **Cost-of-Living Adjustments**

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

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

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

###### **Employer Contributions**

According to state statute, contribution requirements for all employers are actuarially determined each year. The employer contribution rate in effect during the fiscal year ended June 30, 2022 was 29.75% for all members.

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

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

At June 30, 2022, the Town reported a liability of \$131,377 for its proportionate share of the net pension liability which is recorded on the financial statements.

The net pension liability was measured as of June 30, 2021, and was determined by actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At June 30, 2021, the Town's proportion was .024646%.

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plans (Continued)

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

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

For the year ended June 30, 2022, the Town recognized pension expense of \$56,583. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ 4,046
Changes of Assumptions	14,549	3,748
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	61,343
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	86,606	21,831
Employer Contributions Subsequent to the Measurement Date	18,510	-
<b>Total</b>	<b>\$ 119,665</b>	<b>\$ 90,968</b>

Deferred outflows of resources in the amount of \$18,510 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	\$ 39,413
2024	10,896
2025	(18,985)
2026	(21,137)
<b>Total</b>	<b>\$ 10,187</b>

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal

TOWN OF MADISONVILLE, LOUISIANA

Notes to Financial Statements

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Note 7. Employee Pension Plans (Continued)

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

**Actuarial Assumptions (Continued)**

Actuarial Assumptions

Investment Rate of Return	6.75%, net of investment expense
Inflation Rate	2.50%
Projected Salary Increases	
- 1 to 2 Years	12.30%
- Over 2 Years	4.70%
Mortality Rates	Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale for employees, annuitants, and beneficiaries. Pub-2010 Public Retirement Plan Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale for disabled lives.
Expected Remaining Service Lives	4 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into the Police System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 7. Employee Pension Plans (Continued)

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

##### **Actuarial Assumptions (Continued)**

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

Best estimates of arithmetic real rates of return for each major asset class included in the Police System's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternative	14.00%	1.01%
<b>Total</b>	<u>100.00%</u>	5.07%
Inflation		<u>2.22%</u>
Expected Arithmetic Nominal Return		<u>7.29%</u>

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 7. Employee Pension Plans (Continued)

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

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

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Town's Proportionate Share of the Net Pension Liability	<u>\$ 228,969</u>	<u>\$ 131,377</u>	<u>\$ 49,920</u>

##### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements of the Municipal Police Employees' Retirement System of Louisiana for the year ended June 30, 2021. Access to the report can be found on the Louisiana Legislative Auditor's website at [www.la.gov](http://www.la.gov).

### Note 8. Deferred Compensation Plan

Police employees of the Town are eligible to participate in the Town's deferred compensation plan. The employees must contribute a minimum of 5%, and may contribute up to 100%, of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. For fiscal year ended June 30, 2022, the Town contributed 12% for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Town does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2022, the Town made contributions which totaled \$25,558.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 9. Lake Pontchartrain Basin Maritime Museum

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

### Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town had no settled claims resulting from these risks that exceeded its commercial coverage.

### Note 11. Long-Term Liabilities

The following is a summary of long-term debt activity of the Town for the year ended June 30, 2022:

	<b>Revenue Bonds</b>
Balance at July 1, 2021	\$ 2,840,000
Proceeds	-
Retirements	<u>(55,000)</u>
<b>Balance at June 30, 2022</b>	<b><u>\$ 2,785,000</u></b>

**TOWN OF MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

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**Note 11. Long-Term Liabilities (Continued)**

Long-term debt was composed of the following at June 30, 2022:

**Revenue Bonds**

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\$1,080,000 Gas Utility Revenue Bonds, Series 2015, due in annual installments with semi-annual interest payments at 2.5% per annum through December 1, 2027, secured by the revenues of the Gas Fund.	\$ 845,000
\$1,000,000 Gas Utility Revenue Bonds dated June 12, 2019, due in annual installments with semi-annual interest payments at 2.79% per annum through December 1, 2029, secured by the revenues of the Gas Fund.	970,000
\$1,000,000 Gas Utility Revenue Bonds dated June 12, 2019, due in annual installments with semi-annual interest payments at 2.80% per annum through December 1, 2029, secured by the revenues of the Gas Fund.	<u>970,000</u>
<b>Total</b>	<b><u><u>\$ 2,785,000</u></u></b>

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2023	\$ 269,000	\$ 67,155
2024	280,000	60,852
2025	290,000	54,270
2026	301,000	47,438
2027	307,000	40,403
2028 - 2030	<u>1,338,000</u>	<u>89,988</u>
<b>Total</b>	<b><u><u>\$ 2,785,000</u></u></b>	<b><u><u>\$ 360,106</u></u></b>

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

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### Note 12. Restricted Assets

#### **Revenue Bonds**

As shown in Note 11, the Town has \$2,785,000 of future debt service requirements of Gas Utility Revenue Bonds. The proceeds of these bonds were used to construct and acquire extensions, improvements, and replacements of the Town's natural gas utility system. The bond resolution of these issues requires the Town to restrict and maintain the following funds:

#### **Revenue Bond Sinking Fund**

The requirement calls for the establishment and maintenance of a Gas Utility Revenue Bond Sinking Fund sufficient to pay promptly and in full the principal and interest on bonds authorized as they become due and payable. This requirement has been met as of June 30, 2022.

#### **Revenue Bond Reserve Fund**

Each month, the Town is required to deposit ten percent of the amount to be deposited in the sinking fund until the reserve is equal to the reserve fund requirement. This fund is restricted to be used to pay bonds in case of default. This requirement has been met as of June 30, 2022.

#### **Depreciation and Contingency Fund**

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the gas system. Regular deposits equal to five percent of the amount to be deposited in the sinking fund per month are to be deposited with the regularly designated fiscal agent of the Town. This requirement has been met as of June 30, 2022.

### Note 13. Excess Expenditures Over Appropriations

During the year ended June 30, 2022, there were no excess expenditures over appropriations for the governmental funds.

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

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#### Note 14. Recently Issued Accounting Pronouncements

##### **Adopted Accounting Pronouncements**

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of the Statement did not have any effect on the financial statements of the Town.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The adoption of the Statement did not have any effect on the financial statements of the Town.

##### **New Upcoming Accounting Pronouncements**

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of the Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

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

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

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**TOWN OF MADISONVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

**Schedule I**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
<b>Revenues</b>				
Taxes				
Sales and Use Taxes	\$ 675,000	\$ 675,000	\$ 832,972	\$ 157,972
Property Taxes	145,000	145,000	145,529	529
Franchise Taxes	72,000	72,000	81,222	9,222
Other Taxes	5,000	5,000	4,919	(81)
Intergovernmental Grants	52,000	52,000	553,657	501,657
Fines and Forfeitures	200,000	200,000	281,786	81,786
Licenses and Permits	140,000	140,000	219,998	79,998
Other Revenues	60,100	60,100	163,090	102,990
Proceeds from Sale of Capital Assets	-	-	20,781	20,781
Interest Income	1,000	1,000	2,169	1,169
<b>Total Revenues</b>	<b>1,350,100</b>	<b>1,350,100</b>	<b>2,306,123</b>	<b>956,023</b>
<b>Expenditures</b>				
Current				
Hurricane Recovery	-	700,000	696,367	3,633
Salaries and Benefits - Police	468,627	468,627	408,191	60,436
Salaries and Benefits - Admin	231,742	231,742	237,140	(5,398)
Other Police Expenses	100,800	100,800	102,547	(1,747)
Legal and Professional Fees	52,000	52,000	83,174	(31,174)
Other Administrative Expenses	87,100	87,100	78,001	9,099
Alderman and Mayor Fees	78,000	78,000	78,000	-
Accounting and Auditing	11,000	11,000	17,612	(6,612)
Utilities and Telephone	2,180	2,180	13,886	(11,706)
Property Insurance	16,000	16,000	13,705	2,295
Repairs and Maintenance	22,000	22,000	9,516	12,484
Payroll Services	8,000	8,000	9,192	(1,192)
Advertising	5,000	5,000	6,656	(1,656)
Ad Valorem Collection Fees	3,500	3,500	3,095	405
Capital Outlay	-	350,000	359,681	(9,681)
<b>Total Expenditures</b>	<b>1,085,949</b>	<b>2,135,949</b>	<b>2,116,763</b>	<b>19,186</b>
<b>Net Change in Fund Balance</b>	<b>\$ 264,151</b>	<b>\$ (785,849)</b>	<b>1,803,198</b>	<b>\$ 2,589,047</b>
<b>Fund Balance, Beginning of Year</b>			644,291	
<b>Prior Period Adjustment</b>			59,432	
<b>Fund Balance, Beginning of Year, Restated</b>			703,723	
<b>Fund Balance, End of Year</b>			<b>\$ 2,506,921</b>	

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2022**

**Schedule II**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable/ (Unfavorable)</b>
<b>Revenues</b>				
Taxes				
Sales and Use Taxes	\$ 675,000	\$ 675,000	\$ 832,972	\$ 157,972
Intergovernmental Grants	-	-	114,822	114,822
Other Revenues	15,000	15,000	19,350	4,350
Interest Income	1,000	1,000	4,132	3,132
<b>Total Revenues</b>	<b>691,000</b>	<b>691,000</b>	<b>971,276</b>	<b>280,276</b>
<b>Expenditures</b>				
Current				
Salaries and Benefits	231,107	231,107	193,406	37,701
Street Maintenance	243,917	243,917	130,919	112,998
Utilities	42,000	42,000	37,027	4,973
Repairs and Maintenance	18,500	18,500	24,036	(5,536)
Other General Expenses	3,000	3,000	13,857	(10,857)
Recreation	36,000	36,000	10,207	25,793
Accounting and Auditing	3,000	3,000	3,000	-
Capital Outlay	425,000	425,000	282,397	142,603
<b>Total Expenditures</b>	<b>1,002,524</b>	<b>1,002,524</b>	<b>694,849</b>	<b>307,675</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(311,524)</b>	<b>(311,524)</b>	<b>276,427</b>	<b>587,951</b>
<b>Net Change in Fund Balance</b>	<b>\$ (311,524)</b>	<b>\$ (311,524)</b>	<b>276,427</b>	<b>\$ 587,951</b>
<b>Fund Balance, Beginning of Year</b>			<b>1,149,655</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 1,426,082</b>	

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Required Supplementary Information Under**  
**GASB Statement No. 68**  
**Schedule of Town's Proportionate Share of Net Pension Liability**  
**For the Year Ended June 30, 2022**

**Schedule III**

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

**Notes:**

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

See independent auditor's report

**TOWN OF MADISONVILLE, LOUISIANA**  
**Required Supplementary Information Under**  
**GASB Statement No. 68**  
**Schedule of Town's Contributions**  
**For the Year Ended June 30, 2022**

**Schedule IV**

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

**Notes:**

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

See independent auditor's report

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF MADISONVILLE, LOUISIANA**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2022**

	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Assets</b>				
<b>Current Assets</b>				
Accounts Receivable, Net	\$ 10,476	\$ 37,074	\$ 23,583	\$ 71,133
<b>Total Current Assets</b>	<b>10,476</b>	<b>37,074</b>	<b>23,583</b>	<b>71,133</b>
<b>Non-Current Assets</b>				
Capital Assets, Net	484,794	1,625,758	-	2,110,552
<b>Total Non-Current Assets</b>	<b>484,794</b>	<b>1,625,758</b>	<b>-</b>	<b>2,110,552</b>
<b>Total Assets</b>	<b>495,270</b>	<b>1,662,832</b>	<b>23,583</b>	<b>2,181,685</b>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows on Pension Obligation	5,726	5,726	948	12,400
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 500,996</b>	<b>\$ 1,668,558</b>	<b>\$ 24,531</b>	<b>\$ 2,194,085</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 7,889	\$ 70,016	\$ -	\$ 77,905
<b>Total Current Liabilities</b>	<b>7,889</b>	<b>70,016</b>	<b>-</b>	<b>77,905</b>
<b>Non-Current Liabilities</b>				
Customer Deposits	59,818	-	-	59,818
Net Pension Liability	23,863	23,863	3,952	51,678
<b>Total Non-Current Liabilities</b>	<b>83,681</b>	<b>23,863</b>	<b>3,952</b>	<b>111,496</b>
<b>Total Liabilities</b>	<b>91,570</b>	<b>93,879</b>	<b>3,952</b>	<b>189,401</b>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows on Pension Obligation	10,107	10,107	1,674	21,888
Deferred Grant Proceeds	156,817	-	-	156,817
<b>Total Deferred Inflows of Resources</b>	<b>166,924</b>	<b>10,107</b>	<b>1,674</b>	<b>178,705</b>
<b>Net Position</b>				
Net Investment in Capital Assets	484,794	1,625,758	-	2,110,552
Unrestricted Net Position	(242,292)	(61,186)	18,905	(284,573)
<b>Total Net Position</b>	<b>242,502</b>	<b>1,564,572</b>	<b>18,905</b>	<b>1,825,979</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 500,996</b>	<b>\$ 1,668,558</b>	<b>\$ 24,531</b>	<b>\$ 2,194,085</b>

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Combining Statement of Activities**  
**Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Operating Revenues</b>				
Charges for Services				
Sewer Service Charges	\$ -	\$ 313,276	\$ -	\$ 313,276
Water Sales	226,739	-	-	226,739
Garbage Collection Fees	-	-	135,405	135,405
<b>Total Operating Revenues</b>	<b>226,739</b>	<b>313,276</b>	<b>135,405</b>	<b>675,420</b>
<b>Operating Expenses</b>				
Administrative and General	24,723	163,299	-	188,022
Garbage Collection	-	-	117,881	117,881
Repairs and Maintenance	44,129	53,453	-	97,582
Salaries and Related Benefits	39,727	45,103	8,150	92,980
Depreciation	16,098	56,311	-	72,409
Water Purchases	58,083	-	-	58,083
Utilities	12,177	25,308	-	37,485
Insurance	6,223	-	457	6,680
Auto and Truck	38	38	-	76
<b>Total Operating Expenses</b>	<b>201,198</b>	<b>343,512</b>	<b>126,488</b>	<b>671,198</b>
<b>Operating Income (Loss)</b>	<b>25,541</b>	<b>(30,236)</b>	<b>8,917</b>	<b>4,222</b>
<b>Nonoperating Revenues</b>				
Grant Income and Other Contributions	55,183	139,331	152	194,666
<b>Total Nonoperating Revenues</b>	<b>55,183</b>	<b>139,331</b>	<b>152</b>	<b>194,666</b>
<b>Income (Loss) Before Transfers</b>	<b>80,724</b>	<b>109,095</b>	<b>9,069</b>	<b>198,888</b>
<b>Transfers</b>				
Transfers In	53,843	543,168	24,257	621,268
<b>Total Transfers</b>	<b>53,843</b>	<b>543,168</b>	<b>24,257</b>	<b>621,268</b>
<b>Change in Net Position</b>	<b>134,567</b>	<b>652,263</b>	<b>33,326</b>	<b>820,156</b>
<b>Net Position, Beginning of Year</b>	<b>145,730</b>	<b>898,715</b>	<b>(14,421)</b>	<b>1,030,024</b>
<b>Prior Period Adjustment</b>	<b>(37,795)</b>	<b>13,594</b>	<b>-</b>	<b>(24,201)</b>
<b>Net Position, Beginning of Year, Restated</b>	<b>107,935</b>	<b>912,309</b>	<b>(14,421)</b>	<b>1,005,823</b>
<b>Net Position, End of Year</b>	<b>\$ 242,502</b>	<b>\$ 1,564,572</b>	<b>\$ 18,905</b>	<b>1,825,979</b>

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 226,390	\$ 314,783	\$ 135,294	\$ 676,467
Payments to Suppliers	(181,439)	(185,676)	(118,338)	(485,453)
Payments to Employees	(48,022)	(53,398)	(9,245)	(110,665)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(3,071)</u>	<u>75,709</u>	<u>7,711</u>	<u>80,349</u>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Grant Income and Other Contributions	1,480	1,480	152	3,112
Interfund Borrowings and Transfers from Other Funds	(194,882)	40,113	(7,863)	(162,632)
<b>Net Cash (Used in) Provided by Non-Capital Financing Activities</b>	<u>(193,402)</u>	<u>41,593</u>	<u>(7,711)</u>	<u>(159,520)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Capital Assets	(14,047)	(255,153)	-	(269,200)
Proceeds from Capital Grants	210,520	137,851	-	348,371
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>196,473</u>	<u>(117,302)</u>	<u>-</u>	<u>79,171</u>
<b>Net Increase in Cash and Cash Equivalents</b>	-	-	-	-
<b>Cash and Cash Equivalents, Beginning of Year</b>	-	-	-	-
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Combining Statement of Cash Flows (Continued)**  
**Enterprise Funds**  
**For the Year Ended June 30, 2022**

	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash (Used in) Provided by Operating Activities</b>				
Operating Income (Loss)	\$ 25,541	\$ (30,236)	\$ 8,917	\$ 4,222
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used in) Provided by Operating Activities				
Depreciation	16,098	56,311	-	72,409
(Increase) Decrease in:				
Accounts Receivable	(1,822)	1,507	(111)	(426)
Increase (Decrease) in:				
Accounts Payable	(36,066)	56,422	-	20,356
Customer Deposits	1,473	-	-	1,473
Net Pension Liability	(8,295)	(8,295)	(1,095)	(17,685)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>\$ (3,071)</b>	<b>\$ 75,709</b>	<b>\$ 7,711</b>	<b>\$ 80,349</b>

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Schedule of Compensation Paid to Members**  
**of the Board of Aldermen**  
**For the Year Ended June 30, 2022**

<b>Official</b>	<b>Term Expires</b>	<b>Compensation</b>
James Bouey, Alderman P.O. Box 142 Madisonville, LA 70447	June 30, 2022	\$ 6,600
Timothy Bounds, Alderman P.O. Box 835 Madisonville, LA 70447	June 30, 2022	\$ 6,600
Keith Dennis, Alderman 308 Colleen Court Madisonville, LA 70447	June 30, 2022	\$ 6,600
Brad Haddox, Mayor Pro Tem 902 Pine Street Madisonville, LA 70447	June 30, 2022	\$ 6,600
Chris Hitzman, Alderman 1113 Pine Street Madisonville, LA 70447	June 30, 2022	\$ 6,600

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended June 30, 2022**

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**Agency Head**  
Jean Pelloat, Mayor

<b>Purpose</b>	<b>Amount</b>
Salary	\$45,000
Benefits - Insurance	\$489
Benefits - Retirement	\$6,975
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$1,397
Per Diem	\$0
Reimbursements	\$0
Travel	\$278
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Cell Phone	\$495

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Justice System Funding Schedule - Collecting/Disbursing Entity**  
**As Required by Act 87 of the 2020 Regular Legislative Session**  
**General Fund**  
**Cash Basis Presentation**  
**For the Six-Month Periods Ended December 31, 2021 and June 30, 2022**

	<b>First Six- Month Period Ended 12/31/2021</b>	<b>Second Six- Month Period Ended 6/30/2022</b>
<b>Beginning Balance of Amounts Collected</b>	\$ -	\$ -
<b>Add: Collections</b>		
Criminal Court Costs/Fees	5,318	4,887
Criminal Fines - Other	70,408	64,200
<b>Subtotal Collections</b>	75,726	69,087
<b>Less: Disbursements to Governments and Nonprofits:</b>		
Louisiana Dept of Health - Traumatic Head and Spinal Cord	225	235
Louisiana Supreme Court - Louisiana Judicial College	215	197
Louisiana Commission on Law Enforcement - Crime Victims Reparation	2,438	2,250
Louisiana Commission on Law Enforcement - POST Law Enforcement	858	788
Treasurer, State of Louisiana - CMIS	429	394
Florida Parishes Juvenile Justice Commission	295	235
Crimestoppers	858	788
<b>Less: Amounts Retained by Collecting Agency</b>		
Town of Madisonville - Criminal Fines	70,408	64,200
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amounts	-	4,887
<b>Subtotal Disbursements/Retainage</b>	75,726	73,974
<b>Ending Balance of Amounts Collected but not Disbursed/Retained</b>	\$ -	\$ (4,887)
<b>Other Information</b>		
Ending Balance of Total Amounts Assessed but not yet Collected	\$ -	\$ -
Total Waivers during the Fiscal Period	\$ -	\$ -

See independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana (the Town) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 16, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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



A Professional Accounting Corporation

Covington, LA  
December 16, 2022

**TOWN OF MADISONVILLE, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2022**

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**A. Summary of Auditor's Results**

Financial Results

- |  |               |
|--|---------------|
| 1. Type of auditor's report  | Unmodified    |
| 2. Internal control over financial reporting                                     |               |
| a) Material weaknesses identified?   | None reported |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c) Noncompliance material to the financial statements noted?                     | No            |

Federal Awards

Not applicable.

**Financial Statement Findings**

None

**Compliance and Other Matters**

None

**TOWN OF MADISONVILLE, LOUISIANA**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2022**

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**Financial Statement Findings**

None

**Findings - Compliance and Other Matters**

None.