

**TOWN OF MADISONVILLE,  
LOUISIANA**

Annual Financial Statements

June 30, 2020



<b>Contents</b>	<b>Statement</b>	<b>Page</b>
<b>Independent Auditor's Report</b>		1 - 3
<hr/>		
<b>Required Supplementary Information (Part I)</b>		
Management's Discussion and Analysis		5 - 9
<hr/>		
<b>Basic Financial Statements</b>		
Government-Wide Financial Statements		
Statement of Net Position	A	11
Statement of Activities	B	12
Fund Financial Statements		
Governmental Funds		
Balance Sheet	C	14
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	D	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	17
Proprietary Funds		
Statement of Net Position	G	19
Statement of Revenues, Expenses, and Changes in Net Position	H	20
Statement of Cash Flows	I	21 - 22
Notes to Financial Statements		24 - 54
<hr/>		
<b>Required Supplementary Information (Part II)</b>		
Budgetary Comparison Schedules		
Schedule I - General Fund		56
Schedule II - Special Revenue Fund		57
Required Supplementary Information Under GASB Statement No. 68		
Schedule III - Schedule of Town's Proportionate Share of Net Pension Liability		58
Schedule IV - Schedule of Town's Contributions		59
<hr/>		

<b>Contents (Continued)</b>	<b>Page</b>
<hr/>	
<b>Other Supplementary Information</b>	
Schedule of Compensation Paid to Members of the Board of Aldermen	61
Schedule of Compensation, Benefits, and Other Payments to Agency Head	62
<hr/>	
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	63 - 64
<hr/>	
<b>Schedule of Findings and Responses</b>	65
<hr/>	
<b>Summary Schedule of Prior Audit Findings</b>	66

## **Independent Auditor's Report**

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

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Madisonville, Louisiana, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 9, the budgetary comparison information presented as Schedules I and II, and the required supplementary information under GASB 68 presented as Schedules III and IV, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to members of the board of aldermen and the schedule of compensation, benefits, and other payments to agency head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2020, on our consideration of the Town of Madisonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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* and should be considered in assessing the results of our audit.

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

A Professional Accounting Corporation

Covington, LA  
October 27, 2020

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

## TOWN OF MADISONVILLE, LOUISIANA

### Management's Discussion and Analysis

---

As management of the Town of Madisonville, Louisiana (the Town), we offer readers this narrative overview and financial analysis of the financial activities of the Town as of June 30, 2020, and for the year then ended.

#### Financial Highlights

The Town's assets exceeded its liabilities by \$13,496,791 and \$12,133,479 at June 30, 2020 and 2019, respectively (*net position*). Of this amount, \$400,549 and \$3,018,178, respectively, (*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 \$1,363,312 and \$1,225,351 for the years ended June 30, 2020 and 2019, respectively.

The Town's governmental funds reported combined ending fund balances of \$2,224,900 and \$2,405,665 at June 30, 2020 and 2019, respectively. Combined governmental fund balances decreased by \$180,765 and increased by \$265,184 for the years ended June 30, 2020 and 2019, 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

---

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 Funds.

### 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 funds are Gas, Water, Sewer, and Garbage.

### 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	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current Assets	\$ 2,300,661	\$ 2,445,832	\$ 4,626,973	\$ 3,002,260	\$ 6,927,634	\$ 5,448,092
Capital Assets	5,163,418	4,335,563	5,933,564	4,932,720	11,096,982	9,268,283
<b>Total Assets</b>	<b>7,464,079</b>	<b>6,781,395</b>	<b>10,560,537</b>	<b>7,934,980</b>	<b>18,024,616</b>	<b>14,716,375</b>
<b>Deferred Outflows of Resources</b>	<b>220,751</b>	<b>111,652</b>	<b>103,545</b>	<b>146,335</b>	<b>324,296</b>	<b>257,987</b>
<b>Liabilities</b>						
Current and Other Liabilities	75,761	40,167	816,757	681,761	892,518	721,928
Long-Term Liabilities	476,582	292,135	3,412,145	1,750,285	3,888,727	2,042,420
<b>Total Liabilities</b>	<b>552,343</b>	<b>332,302</b>	<b>4,228,902</b>	<b>2,432,046</b>	<b>4,781,245</b>	<b>2,764,348</b>
<b>Deferred Inflows of Resources</b>	<b>36,656</b>	<b>30,907</b>	<b>34,220</b>	<b>45,628</b>	<b>70,876</b>	<b>76,535</b>
<b>Net Position</b>						
Net Investment in Capital Assets	5,163,418	4,335,563	2,889,564	3,613,720	8,052,982	7,949,283
Restricted - Sales Tax Usage	1,531,864	1,605,226	-	-	1,531,864	1,605,226
Restricted - Revenue Bonds	-	-	493,218	370,069	493,218	370,069
Unrestricted	400,549	589,049	3,018,178	1,619,852	3,418,727	2,208,901
<b>Total Net Position</b>	<b>\$ 7,095,831</b>	<b>\$ 6,529,838</b>	<b>\$ 6,400,960</b>	<b>\$ 5,603,641</b>	<b>\$ 13,496,791</b>	<b>\$ 12,133,479</b>

The amount of net investment in capital assets represents 60% 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	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ -	\$ 3,025	\$ 3,673,081	\$ 3,872,564	\$ 3,673,081	\$ 3,875,589
Operating Grants and Contributions	74,705	95,716	11,096	12,803	85,801	108,519
Capital Grants and Contributions	-	-	409,491	-	409,491	-
General Revenues						
Taxes	1,324,746	1,230,182	-	-	1,324,746	1,230,182
Licenses and Permits	188,866	206,993	-	-	188,866	206,993
Fines and Forfeitures	258,404	348,827	-	-	258,404	348,827
Other Revenue	105,153	84,039	52,909	52,044	158,062	136,083
Investment Earnings	17,823	7,611	44,172	16,306	61,995	23,917
<b>Total Revenues</b>	<b>1,969,697</b>	<b>1,976,393</b>	<b>4,190,749</b>	<b>3,953,717</b>	<b>6,160,446</b>	<b>5,930,110</b>
<b>Expenses</b>						
General Government	709,164	629,093	-	-	709,164	629,093
Public Safety	595,815	630,078	-	-	595,815	630,078
Public Works	536,994	404,425	-	-	536,994	404,425
Recreation	11,731	21,310	-	-	11,731	21,310
Gas	-	-	2,138,363	2,121,617	2,138,363	2,121,617
Sewer	-	-	423,809	394,832	423,809	394,832
Water	-	-	238,331	232,529	238,331	232,529
Garbage	-	-	72,678	227,741	72,678	227,741
Interest Expense	-	-	70,249	43,134	70,249	43,134
<b>Total Expenses</b>	<b>1,853,704</b>	<b>1,684,906</b>	<b>2,943,430</b>	<b>3,019,853</b>	<b>4,797,134</b>	<b>4,704,759</b>
<b>Change in Net Position Before T</b>	<b>115,993</b>	<b>291,487</b>	<b>1,247,319</b>	<b>933,864</b>	<b>1,363,312</b>	<b>1,225,351</b>
<b>Transfers</b>	<b>450,000</b>	<b>-</b>	<b>(450,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>565,993</b>	<b>291,487</b>	<b>797,319</b>	<b>933,864</b>	<b>1,363,312</b>	<b>1,225,351</b>
<b>Net Position, Beginning of Year</b>	<b>6,529,838</b>	<b>6,238,351</b>	<b>5,603,641</b>	<b>4,669,777</b>	<b>12,133,479</b>	<b>10,908,128</b>
<b>Net Position, End of Year</b>	<b>\$ 7,095,831</b>	<b>\$ 6,529,838</b>	<b>\$ 6,400,960</b>	<b>\$ 5,603,641</b>	<b>\$ 13,496,791</b>	<b>\$ 12,133,479</b>

### Financial Analysis of the Funds

The Town's General Fund had a decrease in fund balance of \$107,403 for the year ended June 30, 2020. The Town's Special Revenue Fund had a decrease in fund balance of \$73,362 for the year ended June 30, 2020. 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.

## TOWN OF MADISONVILLE, LOUISIANA

### Management's Discussion and Analysis

---

#### **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 and Special Revenue Fund budgets for the year ended June 30, 2020.

#### **Capital Asset Administration**

Capital assets, net of accumulated depreciation, increased by \$1,828,699 for the year ended June 30, 2020. This was principally due to additions of \$1,004,227 and \$1,215,982 in governmental activities and business-type activities capital assets being depreciated, respectively, which exceeded depreciation of \$176,372 and \$215,138, respectively.

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

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$3,299,000. The entire amount was secured by the revenues of the Gas Fund.

The Town's total long-term debt increased by \$1,754,000 during the current fiscal year principally due to the issuance of \$2,000,000 in gas revenue bonds less the anticipated scheduled 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 Wayne Morlier, Chief of Staff, P.O. Box 160, Madisonville, Louisiana 70447.

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

**TOWN OF MADISONVILLE, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2020**

**Statement A**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 659,139	\$ -	\$ 659,139
Investments	1,404,112	2,702,661	4,106,773
Receivables, Net	237,410	1,176,094	1,413,504
Restricted Cash and Cash Equivalents	-	748,218	748,218
Capital Assets, Net	5,163,418	5,933,564	11,096,982
<b>Total Assets</b>	<b>7,464,079</b>	<b>10,560,537</b>	<b>18,024,616</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows on Pension Obligation	220,751	103,545	324,296
<b>Total Deferred Outflows of Resources</b>	<b>220,751</b>	<b>103,545</b>	<b>324,296</b>
<b>Liabilities</b>			
Accounts Payable	75,761	76,886	152,647
Customer Deposits	-	393,319	393,319
Deficity in Pooled Cash	-	91,552	91,552
Bonds Payable			
Due in One Year	-	255,000	255,000
Due in More Than One Year	-	3,044,000	3,044,000
Net Pension Liability	476,582	368,145	844,727
<b>Total Liabilities</b>	<b>552,343</b>	<b>4,228,902</b>	<b>4,781,245</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows on Pension Obligation	36,656	34,220	70,876
<b>Total Deferred Inflows of Resources</b>	<b>36,656</b>	<b>34,220</b>	<b>70,876</b>
<b>Net Position</b>			
Net Investment in Capital Assets	5,163,418	2,889,564	8,052,982
Restricted - Sales Tax Usage	1,531,864	-	1,531,864
Restricted - Revenue Bonds	-	493,218	493,218
Unrestricted	400,549	3,018,178	3,418,727
<b>Total Net Position</b>	<b>\$ 7,095,831</b>	<b>\$ 6,400,960</b>	<b>\$ 13,496,791</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, 2020**

**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>							
General Government	\$ 709,164	\$ -	\$ 18,908	\$ -	\$ (690,256)	\$ -	\$ (690,256)
Public Safety	595,815	-	45,072	-	(550,743)	-	(550,743)
Public Works	536,994	-	-	-	(536,994)	-	(536,994)
Recreation	11,731	-	10,725	-	(1,006)	-	(1,006)
<b>Total Governmental Activities</b>	<b>1,853,704</b>	<b>-</b>	<b>74,705</b>	<b>-</b>	<b>(1,778,999)</b>	<b>-</b>	<b>(1,778,999)</b>
<b>Business-Type Activities</b>							
Gas	2,138,363	3,032,504	7,984	-	-	902,125	902,125
Sewer	423,809	306,346	1,480	409,491	-	293,508	293,508
Water	238,331	212,835	1,480	-	-	(24,016)	(24,016)
Garbage	72,678	121,396	152	-	-	48,870	48,870
Interest Expense	70,249	-	-	-	-	(70,249)	(70,249)
<b>Total Business-Type Activities</b>	<b>2,943,430</b>	<b>3,673,081</b>	<b>11,096</b>	<b>409,491</b>	<b>-</b>	<b>1,150,238</b>	<b>1,150,238</b>
<b>Total</b>	<b>\$ 4,797,134</b>	<b>\$ 3,673,081</b>	<b>\$ 85,801</b>	<b>\$ 409,491</b>	<b>(1,778,999)</b>	<b>1,150,238</b>	<b>(628,761)</b>
<b>General Revenues</b>							
Taxes							
Sales and Use Taxes					1,101,678	-	1,101,678
Property Taxes					127,429	-	127,429
Franchise Taxes					91,784	-	91,784
Other Taxes					3,855	-	3,855
Licenses and Permits					188,866	-	188,866
Fines and Forfeitures					258,404	-	258,404
Other Revenues					105,153	52,909	158,062
Interest Income					17,823	44,172	61,995
Transfers					450,000	(450,000)	-
<b>Total General Revenues</b>					<b>2,344,992</b>	<b>(352,919)</b>	<b>1,992,073</b>
<b>Change in Net Position</b>					<b>565,993</b>	<b>797,319</b>	<b>1,363,312</b>
<b>Net Position, Beginning of Year</b>					<b>6,529,838</b>	<b>5,603,641</b>	<b>12,133,479</b>
<b>Net Position, End of Year</b>					<b>\$ 7,095,831</b>	<b>\$ 6,400,960</b>	<b>\$ 13,496,791</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, 2020**

**Statement C**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ -	\$ 1,052,854	\$ 1,052,854
Investments	1,018,811	385,301	1,404,112
Receivables	127,579	109,831	237,410
	<hr/>		
<b>Total Assets</b>	<b>\$ 1,146,390</b>	<b>\$ 1,547,986</b>	<b>\$ 2,694,376</b>
<hr/>			
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 59,639	\$ 16,122	\$ 75,761
Deficit in Pooled Cash	393,715	-	393,715
	<hr/>		
<b>Total Liabilities</b>	<b>453,354</b>	<b>16,122</b>	<b>469,476</b>
<hr/>			
<b>Fund Balances</b>			
Restricted for:			
Sales Tax Usage	-	1,531,864	1,531,864
Unassigned:			
General Fund	693,036	-	693,036
	<hr/>		
<b>Total Fund Balances</b>	<b>693,036</b>	<b>1,531,864</b>	<b>2,224,900</b>
<hr/>			
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,146,390</b>	<b>\$ 1,547,986</b>	<b>\$ 2,694,376</b>
<hr/>			

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, 2020**

**Statement D**

---

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 2,224,900</b>
---	---------------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental Capital Assets	7,065,443
Less: Accumulated Depreciation	(1,902,025)

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(36,656)
---	----------

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.	220,751
--	---------

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.	<u>(476,582)</u>
---	------------------

<b>Net Position of Governmental Activities</b>	<b><u>\$ 7,095,831</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, 2020**

**Statement E**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes			
Sales and Use Taxes	\$ 550,839	\$ 550,839	\$ 1,101,678
Property Taxes	127,429	-	127,429
Franchise Taxes	91,784	-	91,784
Other Taxes	3,855	-	3,855
Licenses and Permits	188,866	-	188,866
Intergovernmental Grants	52,112	10,725	62,837
Fines and Forfeitures	258,404	-	258,404
Other Revenues	65,433	26,275	91,708
Donations	11,868	-	11,868
Interest Income	17,795	28	17,823
<b>Total Revenues</b>	<b>1,368,385</b>	<b>587,867</b>	<b>1,956,252</b>
<b>Expenditures</b>			
Current			
General Government	646,046	-	646,046
Public Safety	547,375	-	547,375
Public Works	-	383,928	383,928
Recreation	-	5,440	5,440
Capital Outlay	732,367	271,861	1,004,228
<b>Total Expenditures</b>	<b>1,925,788</b>	<b>661,229</b>	<b>2,587,017</b>
<b>Deficiency of Revenues over Expenditure</b>	<b>(557,403)</b>	<b>(73,362)</b>	<b>(630,765)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	450,000	-	450,000
<b>Net Change in Fund Balances</b>	<b>(107,403)</b>	<b>(73,362)</b>	<b>(180,765)</b>
<b>Fund Balances, Beginning of Year</b>	<b>800,439</b>	<b>1,605,226</b>	<b>2,405,665</b>
<b>Fund Balances, End of Year</b>	<b>\$ 693,036</b>	<b>\$ 1,531,864</b>	<b>\$ 2,224,900</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, 2020**

**Statement F**

---

<b>Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (180,765)</b>
---	---------------------

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

<p>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.</p>	827,855
--	---------

<p>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.</p>	(81,097)
--	----------

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 565,993</u></b>
--	--------------------------

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, 2020**

**Statement G**

	Gas Fund	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 596,864	\$ -	\$ -	\$ -	\$ 596,864
Investments	2,702,661	-	-	-	2,702,661
Accounts Receivable, Net	145,593	9,983	37,362	22,623	215,561
Other Receivables	960,533	-	-	-	960,533
<b>Total Current Assets</b>	<b>4,405,651</b>	<b>9,983</b>	<b>37,362</b>	<b>22,623</b>	<b>4,475,619</b>
<b>Non-Current Assets</b>					
Restricted Cash and Cash Equivalents	748,218	-	-	-	748,218
Capital Assets, Net	4,458,354	85,079	1,390,131	-	5,933,564
<b>Total Non-Current Assets</b>	<b>5,206,572</b>	<b>85,079</b>	<b>1,390,131</b>	<b>-</b>	<b>6,681,782</b>
<b>Total Assets</b>	<b>9,612,223</b>	<b>95,062</b>	<b>1,427,493</b>	<b>22,623</b>	<b>11,157,401</b>
<b>Deferred Outflows of Resources</b>					
Deferred Outflows on Pension Obligation	74,512	13,806	13,806	1,421	103,545
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,686,735</b>	<b>\$ 108,868</b>	<b>\$ 1,441,299</b>	<b>\$ 24,044</b>	<b>\$ 11,260,946</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 73,491	\$ 123	\$ 3,272	\$ -	\$ 76,886
Deficit in Pooled Cash	-	171,909	471,470	45,037	688,416
<b>Total Current Liabilities</b>	<b>73,491</b>	<b>172,032</b>	<b>474,742</b>	<b>45,037</b>	<b>765,302</b>
<b>Current Liabilities Payable from Restricted Assets</b>					
Bonds Payable	255,000	-	-	-	255,000
<b>Non-Current Liabilities</b>					
Customer Deposits	337,349	55,970	-	-	393,319
Bonds Payable	3,044,000	-	-	-	3,044,000
Net Pension Liability	264,920	49,086	49,086	5,053	368,145
<b>Total Non-Current Liabilities</b>	<b>3,646,269</b>	<b>105,056</b>	<b>49,086</b>	<b>5,053</b>	<b>3,805,464</b>
<b>Total Liabilities</b>	<b>3,974,760</b>	<b>277,088</b>	<b>523,828</b>	<b>50,090</b>	<b>4,825,766</b>
<b>Deferred Inflows of Resources</b>					
Deferred Inflows on Pension Obligation	24,624	4,563	4,563	470	34,220
<b>Total Deferred Inflows of Resources</b>	<b>24,624</b>	<b>4,563</b>	<b>4,563</b>	<b>470</b>	<b>34,220</b>
<b>Net Position</b>					
Net Investment in Capital Assets	1,414,354	85,079	1,390,131	-	2,889,564
Restricted - Revenue Bonds	493,218	-	-	-	493,218
Unrestricted Net Position	3,779,779	(257,862)	(477,223)	(26,516)	3,018,178
<b>Total Net Position</b>	<b>5,687,351</b>	<b>(172,783)</b>	<b>912,908</b>	<b>(26,516)</b>	<b>6,400,960</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 9,686,735</b>	<b>\$ 108,868</b>	<b>\$ 1,441,299</b>	<b>\$ 24,044</b>	<b>\$ 11,260,946</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, 2020**

**Statement H**

	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Total</b>
<b>Operating Revenues</b>					
Charges for Services					
Gas Sales	\$ 3,032,504	\$ -	\$ -	\$ -	\$ 3,032,504
Sewer Service Charges	-	-	306,346	-	306,346
Water Sales	-	212,835	-	-	212,835
Garbage Collection Fees	-	-	-	121,396	121,396
<b>Total Operating Revenues</b>	<b>3,032,504</b>	<b>212,835</b>	<b>306,346</b>	<b>121,396</b>	<b>3,673,081</b>
<b>Operating Expenses</b>					
Gas Purchased	903,886	-	-	-	903,886
Salaries and Related Benefits	415,495	69,481	52,117	(25,014)	512,079
Administrative and General	214,220	17,094	233,896	-	465,210
Repairs and Maintenance	357,372	53,748	52,033	-	463,153
Depreciation	167,629	2,604	44,905	-	215,138
Garbage Collection	-	-	-	97,692	97,692
Insurance	51,959	9,051	12,465	-	73,475
Utilities	18,998	7,079	28,393	-	54,470
Water Purchases	-	51,954	-	-	51,954
Fire Hydrants	-	24,960	-	-	24,960
Auto and Truck	7,882	2,360	-	-	10,242
Authority Fees	922	-	-	-	922
<b>Total Operating Expenses</b>	<b>2,138,363</b>	<b>238,331</b>	<b>423,809</b>	<b>72,678</b>	<b>2,873,181</b>
<b>Operating Income (Loss)</b>	<b>894,141</b>	<b>(25,496)</b>	<b>(117,463)</b>	<b>48,718</b>	<b>799,900</b>
<b>Nonoperating Revenues (Expenses)</b>					
Grant Income and Other Contributions	26,493	35,880	410,971	152	473,496
Interest Income	44,172	-	-	-	44,172
Interest Expense	(70,249)	-	-	-	(70,249)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>416</b>	<b>35,880</b>	<b>410,971</b>	<b>152</b>	<b>447,419</b>
<b>Income (Loss) Before Transfers</b>	<b>894,557</b>	<b>10,384</b>	<b>293,508</b>	<b>48,870</b>	<b>1,247,319</b>
<b>Transfers</b>					
Transfers Out	(450,000)	-	-	-	(450,000)
<b>Change in Net Position</b>	<b>444,557</b>	<b>10,384</b>	<b>293,508</b>	<b>48,870</b>	<b>797,319</b>
<b>Net Position, Beginning of Year</b>	<b>5,242,794</b>	<b>(183,167)</b>	<b>619,400</b>	<b>(75,386)</b>	<b>5,603,641</b>
<b>Net Position, End of Year</b>	<b>\$ 5,687,351</b>	<b>\$ (172,783)</b>	<b>\$ 912,908</b>	<b>\$ (26,516)</b>	<b>\$ 6,400,960</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, 2020**

**Statement I**

	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 2,110,123	\$ 215,494	\$ 305,003	\$ 127,867	\$ 2,758,487
Payments to Suppliers	(1,580,697)	(166,123)	(323,515)	(104,904)	(2,175,239)
Payments to Employees	(396,647)	(78,253)	(59,447)	(9,490)	(543,837)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>132,779</b>	<b>(28,882)</b>	<b>(77,959)</b>	<b>13,473</b>	<b>39,411</b>
<b>Cash Flows from Non-Capital Financing Activities</b>					
Grant Income and Other Contributions	26,493	35,880	-	152	62,525
Interfund Borrowings and Transfers from Other Funds	(450,000)	2	123,256	(13,625)	(340,367)
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>(423,507)</b>	<b>35,882</b>	<b>123,256</b>	<b>(13,473)</b>	<b>(277,842)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Purchase of Capital Assets	(752,714)	(7,000)	(456,268)	-	(1,215,982)
Proceeds from Capital Grants			410,971		410,971
Proceeds from Revenue Bonds	2,000,000	-	-	-	2,000,000
Interest Paid on Capital Debt	(70,249)	-	-	-	(70,249)
Principal Paid on Capital Debt	(246,000)	-	-	-	(246,000)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>931,037</b>	<b>(7,000)</b>	<b>(45,297)</b>	<b>-</b>	<b>878,740</b>
<b>Cash Flows from Investing Activities</b>					
Purchase of Investments	(2,702,661)	-	-	-	(2,702,661)
Interest Received	44,172	-	-	-	44,172
<b>Net Cash Used in Investing Activities</b>	<b>(2,658,489)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,658,489)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(2,018,180)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,018,180)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3,363,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,363,262</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,345,082</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,345,082</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, 2020**

**Statement I**

	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
Operating Income (Loss)	\$ 894,141	\$ (25,496)	\$ (117,463)	\$ 48,718	\$ 799,900
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation	167,629	2,604	44,905	-	215,138
(Increase) Decrease in:					
Accounts Receivable	(1,009)	(1,899)	(1,343)	6,471	2,220
Increase (Decrease) in:					
Accounts Payable	(25,458)	123	3,272	(7,212)	(29,275)
Customer Deposits	39,161	4,558	-	-	43,719
Net Pension Liability	18,848	(8,772)	(7,330)	(34,504)	(31,758)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 132,779</b>	<b>\$ (28,882)</b>	<b>\$ (77,959)</b>	<b>\$ 13,473</b>	<b>\$ 39,411</b>
Cash and Cash Equivalents	\$ 596,864	\$ -	\$ -	\$ -	\$ 596,864
Restricted Cash and Cash Equivalents	748,218	-	-	-	748,218
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,345,082</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,345,082</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

### Introduction

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

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

### Note 1. Summary of Significant Accounting Policies

#### Reporting Entity

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

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

#### **Government-Wide and Fund 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 is 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 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

---

### 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.

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

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

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

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

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

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

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

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

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

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

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

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

#### **Cash**

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

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

#### Cash (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, 2020, 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 Vacation Leave and Sick Pay

Town employees earn one week of vacation leave after one year of service, and two weeks of vacation leave after four years of service. Any vacation not taken at the end of the year is forfeited. Upon termination of service, employees are paid for unused vacation leave. The Town employees earn one day per month of sick leave, which can be accumulated up to thirty days. Sick leave is forfeited upon termination. There was no material accumulated vacation leave as of June 30, 2020 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, 2020.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

#### Capital Assets

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

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

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

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

<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

---

### 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.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

### 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, 2020. 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, 2020, the Town was in compliance with the deposit and investment laws and regulations.

#### **Deficit Fund Balance**

As of June 30, 2020, the Water Fund and Garbage Fund had deficit fund balances in the amount of \$172,783 and \$26,516, respectively. This is due to the effect of the implementation of GASB Statements No. 68 and 71, which required the Town to record its proportionate share of the pension plan net pension liability.

### 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, 2020, \$830,067 of the Town's bank balance of \$1,315,655 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

---

#### Note 4. Investments

Investments of \$4,106,773, as of June 30, 2020, 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 (LRS) 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. The WAM for LAMP's total investments was 47 as of June 30, 2020.
- *Foreign Currency Risk:* Not applicable.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

### Note 4. Investments (Continued)

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

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

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

### Note 5. Receivables

The net receivables at June 30, 2020 were as follows:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Funds</b>	<b>Total</b>
Taxes				
Sales and Use	\$ 109,831	\$ 109,831	\$ -	\$ 219,662
Franchise	10,015	-	-	10,015
Other	7,733	-	960,533	968,266
Utility Accounts				
Sales	-	-	215,561	215,561
<b>Total</b>	<b>\$ 127,579</b>	<b>\$ 109,831</b>	<b>\$ 1,176,094</b>	<b>\$ 1,413,504</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, 2020:

Governmental Activities	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
<b>Capital Assets Not Depreciated</b>				
Land	\$ 651,641	\$ -	\$ -	\$ 651,641
Construction in Progress	-	42,320	-	42,320
<b>Total Capital Assets Not Depreciated</b>	<b>651,641</b>	<b>42,320</b>	<b>-</b>	<b>693,961</b>
<b>Capital Assets Being Depreciated</b>				
Automobiles	620,077	149,190	-	769,267
Recreation Equipment	204,477	-	-	204,477
Equipment	199,205	-	-	199,205
Office Equipment and Furniture	39,532	-	-	39,532
Buildings and Improvements	265,137	685,075	-	950,212
Street and Sidewalk Improvements	2,089,555	107,991	-	2,197,546
Infrastructure	1,930,501	-	-	1,930,501
Other	61,091	19,651	-	80,742
<b>Total Capital Assets Being Depreciated</b>	<b>5,409,575</b>	<b>961,907</b>	<b>-</b>	<b>6,371,482</b>
<b>Less Accumulated Depreciation for:</b>				
Automobiles	(517,267)	(48,122)	-	(565,389)
Recreation Equipment	(165,922)	(1,406)	-	(167,328)
Equipment	(181,882)	(4,320)	-	(186,202)
Office Equipment and Furniture	(34,532)	(1,400)	-	(35,932)
Buildings and Improvements	(255,765)	(10,915)	-	(266,680)
Street and Sidewalk Improvements	(355,782)	(52,539)	-	(408,321)
Infrastructure	(197,073)	(48,262)	-	(245,335)
Other	(17,430)	(9,408)	-	(26,838)
<b>Total Accumulated Depreciation</b>	<b>(1,725,653)</b>	<b>(176,372)</b>	<b>-</b>	<b>(1,902,025)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>3,683,922</b>	<b>785,535</b>	<b>-</b>	<b>4,469,457</b>
<b>Total</b>	<b>\$ 4,335,563</b>	<b>\$ 827,855</b>	<b>\$ -</b>	<b>\$ 5,163,418</b>

**TOWN OF MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

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

<b>Business-Type Activities</b>	<b>Balance June 30, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2020</b>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 138,149	61,010	\$ -	\$ 199,159
Construction in Progress	-	663,934	-	663,934
<b>Total Capital Assets Not Depreciated</b>	<b>138,149</b>	<b>724,944</b>	<b>-</b>	<b>863,093</b>
<b>Capital Assets Being Depreciated</b>				
Gas Distribution System	5,976,229	27,770	-	6,003,999
Water Distribution System	300,545	7,000	-	307,545
Sewer Plant and Lines	2,447,805	456,268	-	2,904,073
<b>Total Capital Assets Being Depreciated</b>	<b>8,724,579</b>	<b>491,038</b>	<b>-</b>	<b>9,215,617</b>
<b>Less Accumulated Depreciation for:</b>				
Gas Distribution System	(2,179,225)	(167,629)	-	(2,346,854)
Water Distribution System	(235,375)	(2,604)	-	(237,979)
Sewer Plant and Lines	(1,515,408)	(44,905)	-	(1,560,313)
<b>Total Accumulated Depreciation</b>	<b>(3,930,008)</b>	<b>(215,138)</b>	<b>-</b>	<b>(4,145,146)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,794,571</b>	<b>275,900</b>	<b>-</b>	<b>5,070,471</b>
<b>Total</b>	<b>\$ 4,932,720</b>	<b>\$ 1,000,844</b>	<b>\$ -</b>	<b>\$ 5,933,564</b>

Depreciation was charged to governmental functions as follows for the year ended June 30, 2020:

General Government - Town Hall	\$ 15,862
Public Safety	27,736
Public Works - Street Maintenance	78,220
Public Works - Infrastructure	48,263
Recreation	6,291
<b>Total</b>	<b>\$ 176,372</b>

The Town's active construction contracts as of June 30, 2020, are as follows:

<b>Project</b>	<b>Total Contract</b>	<b>Remaining Commitment</b>
Gas Regulator Station	\$ 360,000	\$ 255,209
Ampitheatre	204,269	176,679
Emergency Water	359,950	359,950

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

### Note 7. Employee Pension Plans

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

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

All of the Town's full-time employees other than police employees, the Mayor, and the Police Chief, participate in the System, a cost-sharing, multiple-employer defined benefit pension plan. The System was established and provided for by LRS 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 of 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.

For any member of Plan B who is eligible for normal retirement at time of death, the surviving spouse shall receive benefits for as long as he/she lives 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.



## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

---

#### 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, in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten (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 thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

###### 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, 2020 was 14.00% 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, 2020, the Town reported a liability of \$721,852 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	\$ 353,707
Business-Type Activities	
Gas Fund	264,920
Water Fund	49,086
Sewer Fund	49,086
Garbage Fund	5,053
	<hr/>
<b>Total</b>	<b>\$ 721,852</b>

The net pension liability was measured as of June 30, 2019, 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, 2019, the Town's proportion was .82515%.

For the year ended June 30, 2020, the Town recognized pension expense of \$53,176. At June 30, 2020, 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	\$ -	\$ 32,017
Changes of Assumptions	44,004	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	76,029	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	35,079
Employer Contributions Subsequent to the Measurement Date	82,997	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 203,030</b>	<b>\$ 67,096</b>

**TOWN OF MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

---

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

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

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

Deferred outflows of resources in the amount of \$82,997 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2021. 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
2021	\$ 19,150
2022	17,058
2023	10,124
2024	6,605
<b>Total</b>	<b>\$ 52,937</b>

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	
- 1 to 4 years	7.40% (2.70% inflation, 4.70% merit)
- More than 4 years	4.90% (2.70% inflation, 2.20% merit)
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**

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

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

**Actuarial Assumptions (Continued)**

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

The mortality rate assumption used was verified by combining data from the System with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 to June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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 of 2.7% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.0% for the year ended June 30, 2019.

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, 2019 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	50%	2.20%
Public Fixed Income	35%	1.50%
Alternatives	15%	0.60%
Totals	<u>100%</u>	4.30%
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

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

##### Actuarial Assumptions (Continued)

The discount rate used to measure the total pension liability was 7.00%. 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 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.

##### 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability	\$ 962,045	\$ 721,852	\$ 518,717

##### 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, 2019. Access to the report can be found on the Louisiana Legislative Auditor's website at [www.lia.la.gov](http://www.lia.la.gov).

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

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

**Plan Description and Provisions**

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

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

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

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

The member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, the member shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

---

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

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

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

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

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

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

Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

*Membership Commencing January 1, 2013:* Member eligibility for regular retirement, early retirement, disability, and survivor benefits 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 System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

---

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

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

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

Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month, whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

*Deferred Retirement Option Plan:* 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 System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and, upon later termination, he shall receive additional retirement 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 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 System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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



**TOWN OF MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

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

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

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

At June 30, 2020, the Town reported a liability of \$122,875 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, 2019, 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, 2019, the Town's proportion was .01353%.

For the year ended June 30, 2020, the Town recognized pension expense of \$20,704. At June 30, 2020, 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	\$ 258	\$ 3,780
Changes of Assumptions	6,886	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	7,983	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	80,066	-
Employer Contributions Subsequent to the Measurement Date	26,073	-
<b>Total</b>	<u>\$ 121,266</u>	<u>\$ 3,780</u>

Deferred outflows of resources in the amount of \$26,073 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized in the year ending June 30, 2021. 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>
2021	\$ 33,361
2022	26,373
2023	29,686
2024	1,993
<b>Total</b>	<u>\$ 91,413</u>

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

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

##### Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	7.125%, net of investment expense
Projected Salary Increases	
- 1 to 2 years	9.75%
- 3 to 23 years	4.75%
- Over 23 years	4.25%
Mortality Rates	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.
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 System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

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

##### Actuarial Assumptions (Continued)

The mortality rate assumption used was verified by combining data from the System with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 to June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

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, 2019 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>
Equity	49%	3.28%
Fixed Income	33%	0.80%
Alternative	18%	1.06%
Totals	100%	5.14%
Inflation		2.75%
Expected Arithmetic Nominal Return		7.89%

The discount rate used to measure the total pension liability was 7.125%. 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 System's actuary.

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

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

#### Municipal Police Employees' Retirement System of Louisiana (the 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 7.125%, 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 (6.125%) or one percentage point higher (8.125%) than the current rate:

	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
Town's Proportionate Share of the Net Pension Liability	\$ 171,205	\$ 122,875	\$ 82,331

##### 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, 2019. Access to the report can be found on the Louisiana Legislative Auditor's website at [www.lla.la.gov](http://www.lla.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, 2020, 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, 2020, the Town's police retirement expense totaled \$31,629.

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

### Note 9. Lake Pontchartrain Basin Maritime Museum

On May 31, 1996, the Town entered into a management agreement with 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, 2020, 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, 2020:

	<b>Revenue Bonds</b>
Balance at July 1, 2019	\$ 1,545,000
Proceeds	2,000,000
Retirements	<u>(246,000)</u>
<b>Balance at June 30, 2020</b>	<b><u>\$ 3,299,000</u></b>

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

Long-term debt was composed of the following at June 30, 2020:

#### Revenue Bonds

---

\$1,080,000 Gas Utility Revenue Bonds, Series 2015, due in annual installments with semi-annual interest payments at 2.5% per annum through December 1, 2027, secured by the revenues of the Gas Fund.	\$ 920,000
\$1,057,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	182,000
\$743,000 Gas Utility Revenue Bonds dated July 24, 2006, due in annual installments with semi-annual interest payments at 3.75% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	138,000
\$432,000 Gas Utility Revenue Bonds dated December 1, 2006, due in annual installments with semi-annual interest payments at 2.25% per annum through December 1, 2021, secured by the revenues of the Gas Fund.	79,000
\$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.	990,000
\$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>990,000</u>
<b>Total</b>	<b><u>\$ 3,299,000</u></b>

# TOWN OF MADISONVILLE, LOUISIANA

## Notes to Financial Statements

---

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

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2021	\$ 255,000	\$ 88,347
2022	259,000	72,464
2023	269,000	67,155
2024	280,000	60,852
2025	290,000	54,270
2026-2030	1,592,000	166,059
2031	354,000	9,894
<b>Total</b>	<b>\$ 3,299,000</b>	<b>\$ 519,041</b>

### Note 12. Restricted Assets

#### Revenue Bonds

As shown in Note 11, the Town has \$3,299,000 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, 2020.

#### 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, 2020.

## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

---

#### Note 12. Restricted Assets (Continued)

##### **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, 2020.

#### Note 13. Excess Expenditures Over Appropriations

During the year ended June 30, 2020, there were no excess expenditures over appropriations for the governmental funds.

#### Note 14. Contingency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Town operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Town.

#### Note 15. Recently Issued Accounting Pronouncements

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

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 84 to reporting periods beginning after December 15, 2019.



## TOWN OF MADISONVILLE, LOUISIANA

### Notes to Financial Statements

---

#### Note 15. Recently Issued Accounting Pronouncements (Continued)

##### **New Upcoming Accounting Pronouncements (Continued)**

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. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

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. 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 requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**TOWN OF MADISONVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2020**

**Schedule I**

	<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	\$ 500,000	\$ 500,000	\$ 550,839	\$ 50,839
Property Taxes	135,000	135,000	127,429	(7,571)
Franchise Taxes	85,000	85,000	91,784	6,784
Other	5,000	5,000	3,855	(1,145)
Licenses and Permits	160,000	160,000	188,866	28,866
Other Revenues	26,500	26,500	65,433	38,933
Fines and Forfeitures	300,000	300,000	258,404	(41,596)
Community Center Rentals	5,000	5,000	-	(5,000)
Boat Trailer Permits	-	-	-	-
Intergovernmental Grants	44,461	44,461	52,112	7,651
Interest Income	6,000	6,000	17,795	11,795
Donations	-	-	11,868	11,868
<b>Total Revenues</b>	<b>1,266,961</b>	<b>1,266,961</b>	<b>1,368,385</b>	<b>101,424</b>
<b>Expenditures</b>				
Current				
Police Expenses	557,480	557,480	481,895	75,585
Other	140,290	140,290	78,716	61,574
Salaries	145,633	145,633	130,696	14,937
Insurance	100,026	100,026	110,867	(10,841)
Legal Fees	82,000	82,000	146,339	(64,339)
Aldermen Fees	62,065	62,065	48,295	13,770
Pension Expense	68,757	68,757	81,124	(12,367)
Repairs and Maintenance	9,000	9,000	38,370	(29,370)
Payroll Taxes	11,141	11,141	11,861	(720)
Utilities	28,000	28,000	19,022	8,978
Accounting and Auditing	25,000	25,000	35,997	(10,997)
Advertising	5,000	5,000	7,137	(2,137)
Auto and Truck	3,500	3,500	3,102	398
Capital Outlays	35,000	685,000	732,367	(47,367)
<b>Total Expenditures</b>	<b>1,272,892</b>	<b>1,922,892</b>	<b>1,925,788</b>	<b>(2,896)</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(5,931)</b>	<b>(655,931)</b>	<b>(557,403)</b>	<b>98,528</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	450,000	450,000
<b>Net Change In Fund Balance</b>	<b>\$ (5,931)</b>	<b>\$ (655,931)</b>	<b>(107,403)</b>	<b>\$ 548,528</b>
<b>Fund Balance, Beginning of Year</b>			<b>800,439</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 693,036</b>	

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2020**

**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	\$ 500,000	\$ 500,000	\$ 550,839	\$ 50,839
Intergovernmental Grants	414,100	14,100	10,725	(3,375)
Other Revenues	15,500	15,500	26,275	10,775
Interest Income	-	-	28	28
<b>Total Revenues</b>	<b>929,600</b>	<b>529,600</b>	<b>587,867</b>	<b>58,267</b>
<b>Expenditures</b>				
Current				
Salaries	169,270	169,270	123,194	46,076
Repairs and Maintenance	137,000	137,000	144,819	(7,819)
Utilities	34,000	34,000	37,539	(3,539)
Recreation	36,000	36,000	5,440	30,560
Insurance	77,916	77,916	52,142	25,774
Payroll Taxes	12,949	12,949	9,051	3,898
Pension Expense	22,882	22,882	14,183	8,699
Accounting and Auditing	3,000	3,000	3,000	-
Capital Outlays	734,770	734,770	271,861	462,909
<b>Total Expenditures</b>	<b>1,227,787</b>	<b>1,227,787</b>	<b>661,229</b>	<b>566,558</b>
<b>Net Change In Fund Balance</b>	<b>\$ (298,187)</b>	<b>\$ (698,187)</b>	<b>(73,362)</b>	<b>\$ 624,825</b>
<b>Fund Balance, Beginning of Year</b>			<u>1,605,226</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 1,531,864</u>	

See independent auditor's report.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Required Supplementary Information Under**  
**GASB Statement No. 68**  
**Schedule of Town's Proportionate Share of Net Pension Liability**  
**For the Year Ended June 30, 2020**

**Schedule III**

<b>Municipal Employees' Retirement System</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	0.82515%	0.85528%	0.91876%	0.96504%	0.88382%	0.86534%
Town's Proportionate Share of the Net Pension Liability	\$ 721,852	\$ 723,420	\$ 794,940	\$ 799,929	\$ 600,684	\$ 406,274
Town's Covered Payroll	\$ 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	113.09%	111.92%	103.27%	112.82%	84.72%	66.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.14%	65.60%	63.49%	62.11%	68.71%	76.94%
<b>Municipal Police Employees' Retirement System</b>	<b>2020</b>					
Town's Portion of the Net Pension Liability	0.01353%					
Town's Proportionate Share of the Net Pension Liability	\$ 122,875					
Town's Covered Payroll	\$ 38,854					
Town's Proportionate Share of the Net Pension Liability as a Percentage of its of Covered Payroll	316.25%					
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.00%					

\*\* GASB 68 requires this schedule to show information for 10 years. The Town implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available. 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.

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, 2020**

**Schedule IV**

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

\* 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. Therefore, additional years will be displayed as they become available.

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.

See independent auditor's report

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF MADISONVILLE, LOUISIANA**  
**Schedule of Compensation Paid to Members**  
**of the Board of Aldermen**  
**For the Year Ended June 30, 2020**

<b>Official</b>	<b>Term Expires</b>	<b>Compensation</b>
James Bouey, Alderman P.O. Box 142 Madisonville, LA 70447	June 30, 2020	\$ 6,600
Timothy Bounds, Alderman P.O. Box 835 Madisonville, LA 70447	June 30, 2020	\$ 6,600
Kevin Doran, Alderman 308 Colleen Court Madisonville, LA 70447	June 30, 2020	\$ 6,600
Brad Haddox, Mayor Pro Tem 902 Pine Street Madisonville, LA 70447	June 30, 2020	\$ 6,600
Chris Hitzman, Alderman 1113 Pine Street Madisonville, LA 70447	June 30, 2020	\$ 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, 2020**

---

**Agency Head**  
Jean Pelloat, Mayor

<b>Purpose</b>	<b>Amount</b>
Salary	\$45,000
Benefits - Insurance	\$351
Benefits - Retirement	\$6,975
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$597
Per Diem	\$0
Reimbursements	\$0
Travel	\$746
Registration Fees	\$0
Conference Travel	\$808
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Cell Phone	\$604

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 27, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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.

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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  
October 27, 2020

**TOWN OF MADISONVILLE, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2020**

---

**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?   | No            |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c) Noncompliance material to the financial statements noted?                     | None reported |

Federal Awards

Not applicable.

**B. Findings - Financial Statement Audit**

None.

**TOWN OF MADISONVILLE, LOUISIANA**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2020**

---

**Findings - Compliance and Other Matters**

None.