

Financial Statements

Town of Litcher

April 30, 2020



Town of Litcher

2020 Financial Statements

TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL STATEMENTS

APRIL 30, 2020

TABLE OF CONTENTS

	Page No.
<u>INDEPENDENT AUDITORS' REPORTS</u>	
Independent Auditors' Report	1 - 2
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Management's Discussion and Analysis	3 - 9
<u>BASIC FINANCIAL STATEMENTS</u>	
<u>Government-Wide Financial Statements (GWFS):</u>	
Statement of Net Position	10
Statement of Activities	11
<u>Fund Financial Statements (FFS):</u>	
<u>Governmental Funds:</u>	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
<u>Proprietary Funds:</u>	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Fund Net Position	17
Statement of Cash Flows	18 - 19
<u>Notes to Financial Statements</u>	20 - 41
<u>REQUIRED SUPPLEMENTARY INFORMATION - PART II</u>	
Schedule of the Town of Lutchter's Proportionate Share of the Net Pension Liability for the Retirement Systems	42
Schedule of Contributions to Each Retirement System (Defined Benefit Cost Sharing Plans Only)	43
Notes to Required Supplementary Information	44 - 45

TABLE OF CONTENTS

Budgetary Comparison Schedule:

General Fund	46 - 48
--------------	---------

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Independent Auditors' 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>	49 - 50
Schedule of Findings and Recommendations	51
Summary Schedule of Prior Audit Findings	52

OTHER SUPPLEMENTARY INFORMATION

Schedule of Principal Officials and Salaries	53
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	54

PERFORMANCE AND STATISTICAL DATA

Insurance-in-Force (without audit)	55
Public Utility System Operations (without audit)	56 - 57

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutcher, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutcher, Louisiana, (the Town) as of and for the year ended April 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of April 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 3 through 9, the schedule of the Town of Lutchet's proportionate share of the net pension liability for the retirement systems on page 42, the schedule of contributions to each retirement system (defined benefit cost sharing plans only) on page 43, the notes to required supplementary information on pages 44 through 45, and the budgetary comparison schedule on pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, the insurance-in-force (without audit), and the public utility system operations (without audit) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of principal officials and salaries and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare basic the 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 principal officials and salaries and the schedule of compensation, benefits and other payments to agency head or chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The insurance-in-force (without audit) and the public utility system operations (without audit) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 28, 2020

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

This section of the annual financial report of the Town of Lutcher, Louisiana (the Town) presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2020. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,861,372 (net position). Of this amount, \$1,012,289 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's governmental activities expenses were \$512,687 less than the \$1,954,103 generated in charges for services, taxes, other revenue and transfers. In the Town's business-type activities, expenses and transfers were \$194,868 less than the \$1,969,333 generated in revenues.
- During the current year, the Town recognized \$500,000 in operating grant revenue that was received from the Louisiana Department of Transportation and Development to maintain certain roadways.
- The general fund reported a \$1,034,332 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

Figure A-1
Major Features of the Town's Government and Fund Financial Statements

	Fund Statements		
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire Town government	The activities of the Town that are not proprietary, such as police, drainage, and streets	Activities the Town operates similar to private businesses: the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position - the difference between the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities - Most of the Town's basic services are included here, such as the police, streets and drainage, sanitation, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities - The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The Town has two kinds of funds:

- Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position increased between fiscal years ended April 30, 2019 and April 30, 2020 to \$4,861,372. (See Table A-1.)

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Current and other assets	\$ 1,102,636	\$ 560,555	\$ 1,230,892	\$ 923,766
Capital assets	1,085,846	1,077,248	3,178,700	3,276,096
Restricted assets	57,944	65,874	436,403	482,780
Total assets	2,246,426	1,703,677	4,845,995	4,682,642
Deferred outflows of resources	97,849	139,743	120,219	135,904
Total assets and deferred outflows of resources	2,344,275	1,843,420	4,966,214	4,818,546
Current liabilities	78,020	77,214	122,804	127,713
Long term liabilities	138,271	151,017	1,264,197	1,333,361
Net pension liability	357,776	359,987	448,679	422,418
Total liabilities	574,067	588,218	1,835,680	1,883,492
Deferred inflows of resources	19,253	16,934	20,117	19,505
Total liabilities and deferred inflows of resources	593,320	605,152	1,855,797	1,902,997
Net position				
Invested in capital assets, net of related debt	954,189	929,511	2,008,221	2,034,617
Restricted	557,944	65,874	328,729	377,921
Unrestricted	238,822	242,883	773,467	503,011
Total net position	\$ 1,750,955	\$ 1,238,268	\$ 3,110,417	\$ 2,915,549

Net position of the Town's governmental activities increased 41.4 percent to \$1,750,955. Net position of the Town's business-type activities increased 6.7 percent to \$3,110,417.

Changes in net position. The Town's total revenues for the year ended April 30, 2020 increased by \$779,496 to \$3,773,436. Approximately 56 percent of the Town's revenue is derived from charges for services, approximately 14 percent is derived from grants and contributions, and approximately 24 percent is derived from tax collections.

The Town's total expenses for the year ended April 30, 2020 decreased by \$158,314 to \$3,065,881. Approximately 53 percent of the Town's expenses are the result of its business-type activities and 47 percent are the result of its governmental activities. (See Table A-2)

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

Table A-2
Changes in the Town's Net Position

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Revenues				
Program revenues				
Charges for services	\$ 245,297	\$ 246,722	\$ 1,874,433	\$ 1,631,972
Operating grants and contributions	500,000	-	-	-
Capital grants and contributions	-	71,709	35,792	49,118
General revenues				
Taxes	731,962	623,948	59,108	59,992
Franchise taxes	104,408	100,314	-	-
Licenses and permits	138,829	137,503	-	-
Fines and forfeitures	9,658	25,321	-	-
Other revenues	73,949	47,341	-	-
Total revenues	1,804,103	1,252,858	1,969,333	1,741,082
Expenses				
General government	426,726	417,552	-	-
Streets and drainage	489,251	620,897	-	-
Public safety	274,198	324,895	-	-
Sanitation	246,911	243,236	-	-
Debt service	4,330	5,210	-	-
Water	-	-	818,598	861,712
Sewer	-	-	805,867	750,693
Total expenses	1,441,416	1,611,790	1,624,465	1,612,405
Other financing resources (uses)				
Transfers in	162,480	84,260	-	-
Transfers out	(12,480)	(9,260)	(150,000)	(75,000)
Total other financing resources (uses)	150,000	75,000	(150,000)	(75,000)
Increase (decrease) in net position	512,687	(283,932)	194,868	53,677
Beginning net position	1,238,268	1,522,200	2,915,549	2,861,872
Ending net position	\$ 1,750,955	\$ 1,238,268	\$ 3,110,417	\$ 2,915,549

Governmental Activities

Revenues for the Town's governmental activities increased by \$551,245 or 44 percent. Approximately 46 percent of these revenues are derived from ad valorem, sales, and franchise taxes while nearly 28 percent is from capital and operating grants and contributions. An additional 14 percent is derived from charges for services. The increase in capital and operating grants and contributions is due to the receipt of funds from the Louisiana Department of Transportation and Development (DOTD) for maintaining certain roads within the Town's jurisdiction.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2020

Expenses for the Town's governmental activities decreased by \$170,374 or 11 percent. Approximately 34 percent of these expenses are used for streets and drainage activities and general government activities account for nearly 30 percent of governmental expenses.

Business-type Activities

Revenues for the Town's business-type activities increased by \$228,251 or approximately 13 percent. Charges for services provide for over 95 percent of business-type revenues.

Expenses for the Town's business-type activities increased by \$12,060 or 0.8 percent. Approximately 50.4 percent of these expenses result from water activities and approximately 49.6 percent are the result of sewer activities. Additionally, there was a significant increase in transfers to the general fund in the current year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$1,092,276, an increase of \$534,593, or 95.9 percent, from last year.

General Fund Budgetary Highlights

The Town amended its original budget for the fiscal year. Amended budgeted revenues were increased approximately \$500,000 to acknowledge the receipt of funds from DOTD.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of April 30, 2020, the Town had invested \$4,264,546 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net decrease (including additions and deductions) of \$88,798 or 2 percent, compared to last year.

More information about the Town's capital assets is presented in Note 4 to the financial statements.

Table A-3
Town's Capital Assets

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land and Improvements	\$ 49,005	\$ 49,005	\$ 94,855	\$ 63,050
Buildings and Improvements	296,936	297,721	-	-
Lutcher Park	345,635	345,635	-	-
Streets	1,073,294	1,053,197	-	-
Drainage	585,762	549,637	-	-
Equipment	383,911	408,653	344,313	337,006
Construction in Progress	43,430	-	-	-
Water and Sewer Facility and System	-	-	10,019,405	9,947,952
Less: Accumulated Depreciation	(1,692,127)	(1,626,600)	(7,279,873)	(7,071,912)
Total	\$ 1,085,846	\$ 1,077,248	\$ 3,178,700	\$ 3,276,096

Current year depreciation expense was approximately \$314,000.

This year's major capital asset additions included:

- Street and drainage upgrades of nearly \$50,000.
- Sewer pump upgrades of nearly \$50,000.
- A parcel of land located near the water plant for approximately \$30,000

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS
April 30, 2020

Construction in progress consists of engineering costs relating to the King Avenue Road upgrades. This project is expected to be completed next fiscal year. At year end, the Town has construction commitments of nearly \$455,000 outstanding for the King Avenue upgrades.

The Town’s fiscal year 2019-2020 capital budget estimates approximately \$500,000 for streets and drainage projects.

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$1,296,000 as compared to \$1,383,000 in the prior year, a decrease of \$87,000 or 6.3 percent. (See Table A-4) More information about the Town’s long-term liabilities is presented in Note 7 to the financial statements.

Table A-4
Town’s Outstanding Debt

	Governmental Activities		Business Activities	
	2020	2019	2020	2019
General Obligation Bonds, Series 2012A	\$ 131,000	\$ 147,000	\$ -	\$ -
General Obligation Bonds, Series 2012	-	-	814,000	868,000
Taxable Limited Bond, Series 2016	-	-	351,000	368,000
Total	\$ 131,000	\$ 147,000	\$ 1,165,000	\$ 1,236,000

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Town’s major sources of revenue for the general fund are comprised from taxes (sales, franchise & property) and garbage fees at 67% and 20% of total revenues, respectively. The economy is not expected to generate any significant growth. Expenditures are expected to decrease in the water fund for fewer improvements to the waterworks system and increase in the sewer fund due to the anticipation of future capital improvements to the sewer pond.

The world-wide pandemic associated with COVID-19 has spread across the state of Louisiana, including Lutcher. COVID-19 has had a minimal impact on the operations of the Town, but has a bigger impact on certain businesses within the Town. The Town does not anticipate any significant impact in next year’s budget.

CONTACTING THE TOWN’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town’s finances and to demonstrate the Town’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Vanessa Roussel, Town Clerk, PO Box 456, Lutcher, LA 70071.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF NET POSITION
APRIL 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>ASSETS</u>			
Cash	\$ 947,425	\$ 944,767	\$ 1,892,192
Receivables:			
Taxes	14,401	7,594	21,995
Interest	67	-	67
Other	1,519	-	1,519
Accounts, net	35,394	274,033	309,427
Internal balances	3,806	(3,806)	-
Due from other governmental units	98,937	-	98,937
Other current assets	1,087	8,304	9,391
Restricted assets:			
Cash	57,944	436,403	494,347
Capital assets (net)	1,085,846	3,178,700	4,264,546
Total assets	2,246,426	4,845,995	7,092,421
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	97,849	120,219	218,068
Total deferred outflows of resources	97,849	120,219	218,068
<u>LIABILITIES</u>			
Accounts payable	35,371	32,156	67,527
Accrued payables	25,649	17,648	43,297
Bonds due within one year	17,000	73,000	90,000
Long-term liabilities:			
Accumulated leave	24,271	67,556	91,827
Customer service meter deposits	-	104,641	104,641
Bonds payable	114,000	1,092,000	1,206,000
Net pension liability	357,776	448,679	806,455
Total liabilities	574,067	1,835,680	2,409,747
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	19,253	20,117	39,370
Total deferred inflows of resources	19,253	20,117	39,370
<u>NET POSITION</u>			
Net investment in capital assets	954,189	2,008,221	2,962,410
Restricted for:			
Debt retirement	57,944	328,729	386,673
Road maintenance	500,000	-	500,000
Unrestricted	238,822	773,467	1,012,289
Total net position	\$ 1,750,955	\$ 3,110,417	\$ 4,861,372

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions:							
Governmental activities:							
General government	\$ 426,726	\$ -	\$ -	\$ -	\$ (426,726)	\$ -	\$ (426,726)
Streets and drainage	489,251	-	500,000	-	10,749	-	10,749
Public safety	274,198	-	-	-	(274,198)	-	(274,198)
Sanitation	246,911	245,297	-	-	(1,614)	-	(1,614)
Debt service	4,330	-	-	-	(4,330)	-	(4,330)
Total governmental activities	<u>1,441,416</u>	<u>245,297</u>	<u>500,000</u>	<u>-</u>	<u>(696,119)</u>	<u>-</u>	<u>(696,119)</u>
Business-type activities:							
Sewer	805,867	1,228,709	-	35,000	-	457,842	457,842
Water	818,598	645,724	-	792	-	(172,082)	(172,082)
Total business-type activities	<u>1,624,465</u>	<u>1,874,433</u>	<u>-</u>	<u>35,792</u>	<u>-</u>	<u>285,760</u>	<u>285,760</u>
Total primary government	<u>\$ 3,065,881</u>	<u>\$ 2,119,730</u>	<u>\$ 500,000</u>	<u>\$ 35,792</u>	<u>(696,119)</u>	<u>285,760</u>	<u>(410,359)</u>
General revenues							
Taxes:							
Ad valorem							
					152,726	59,108	211,834
Sales taxes							
					579,236	-	579,236
Franchise taxes							
					104,408	-	104,408
Licenses and permits							
					138,829	-	138,829
Fines and forfeitures							
					9,658	-	9,658
Transfers (to)/from other funds							
					150,000	(150,000)	-
Other revenue							
					73,949	-	73,949
Total general revenues and transfers							
					<u>1,208,806</u>	<u>(90,892)</u>	<u>1,117,914</u>
Change in net position							
					512,687	194,868	707,555
Net position, April 30, 2019							
					<u>1,238,268</u>	<u>2,915,549</u>	<u>4,153,817</u>
Net position, April 30, 2020							
					<u>\$ 1,750,955</u>	<u>\$ 3,110,417</u>	<u>\$ 4,861,372</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
APRIL 30, 2020

	General	Nonmajor Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 947,425	\$ -	\$ 947,425
Receivables:			
Taxes	14,401	-	14,401
Interest	67	-	67
Other	1,519	-	1,519
Due from other funds	3,806	-	3,806
Accounts, net	35,394	-	35,394
Due from other governmental units	98,937	-	98,937
Prepaid insurance	1,087	-	1,087
Restricted assets:			
Cash	-	57,944	57,944
Total assets	\$ 1,102,636	\$ 57,944	\$ 1,160,580
<u>LIABILITIES</u>			
Accounts payable	\$ 35,371	\$ -	\$ 35,371
Accrued payables	32,933	-	32,933
Total liabilities	68,304	-	68,304
<u>FUND BALANCE</u>			
Nonspendable	1,087	-	1,087
Restricted for debt retirement	-	57,944	57,944
Restricted for road maintenance	500,000	-	500,000
Unassigned	533,245	-	533,245
Total fund balance	1,034,332	57,944	1,092,276
Total liabilities and fund balance	\$ 1,102,636	\$ 57,944	\$ 1,160,580

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2020

Total fund balances - governmental funds		\$ 1,092,276
Cost of capital assets at April 30, 2020	2,777,973	
Less: accumulated depreciation as of April 30, 2020	<u>(1,692,127)</u>	1,085,846
Long-term assets at April 30, 2020		
Deferred outflows - pension related		97,849
Long-term liabilities at April 30, 2020		
Bonds payable	(131,000)	
Accrued interest payable	(657)	
Accrued sick leave payable	(7,024)	
Accrued compensatory time payable	(9,306)	
Net pension liability	(357,776)	
Deferred inflows - pension related	<u>(19,253)</u>	<u>(525,016)</u>
Total net position at April 30, 2020 - governmental activities		<u>\$ 1,750,955</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER

Lutcher, Louisiana

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED APRIL 30, 2020

	<u>General</u>	<u>Nonmajor Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 152,726	\$ -	\$ 152,726
Sales taxes	579,236	-	579,236
Franchise taxes	104,408	-	104,408
Garbage fees	245,297	-	245,297
Licenses and permits	138,829	-	138,829
Intergovernmental revenue:			
Beer	1,164	-	1,164
Grants	500,000	-	500,000
Fines and forfeitures	9,658	-	9,658
Other revenue	63,303	-	63,303
Total revenues	<u>1,794,621</u>	<u>-</u>	<u>1,794,621</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	402,740	-	402,740
Streets and drainage	397,473	-	397,473
Public safety	232,956	-	232,956
Sanitation	246,911	-	246,911
Capital outlay	109,538	-	109,538
Debt expenditures:			
Principal retirement	-	16,000	16,000
Interest	-	4,410	4,410
Total expenditures	<u>1,389,618</u>	<u>20,410</u>	<u>1,410,028</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	405,003	(20,410)	384,593
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	150,000	12,480	162,480
Transfers out	(12,480)	-	(12,480)
Total other financing sources	<u>137,520</u>	<u>12,480</u>	<u>150,000</u>
<u>NET CHANGE IN FUND BALANCE</u>	542,523	(7,930)	534,593
<u>FUND BALANCE</u>			
Beginning of year	<u>491,809</u>	<u>65,874</u>	<u>557,683</u>
End of year	<u>\$ 1,034,332</u>	<u>\$ 57,944</u>	<u>\$ 1,092,276</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020

Total net changes in fund balance - governmental funds		\$	534,593
Capital assets:			
Capital outlay capitalized	109,538		
Loss on disposals	(301)		
Depreciation expense for the year ended April 30, 2020	<u>(100,639)</u>		8,598
Long-term debt:			
Principal portion of debt service payments	16,000		
Change in accrued sick leave	(1,847)		
Change in accrued compensatory time	(2,735)		
Excess of interest paid over interest accrued	80		
Net change in pension liability and deferred inflows/outflows of resources	<u>(42,002)</u>		<u>(30,504)</u>
Change in net position - governmental activities		\$	<u><u>512,687</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
APRIL 30, 2020

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 683,892	\$ 260,875	\$ 944,767
Taxes receivable	-	7,594	7,594
Accounts receivable (net of allowance for uncollectibles)	202,237	71,796	274,033
Due from other funds	4,105	32	4,137
Other current assets	953	7,351	8,304
Total current assets	<u>891,187</u>	<u>347,648</u>	<u>1,238,835</u>
<u>NONCURRENT ASSETS</u>			
Restricted assets:			
Cash	10	436,393	436,403
Total restricted assets	10	436,393	436,403
Capital assets, net	809,719	2,368,981	3,178,700
Total noncurrent assets	<u>809,729</u>	<u>2,805,374</u>	<u>3,615,103</u>
Total assets	<u>1,700,916</u>	<u>3,153,022</u>	<u>4,853,938</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	59,623	60,596	120,219
Total deferred outflows of resources	<u>59,623</u>	<u>60,596</u>	<u>120,219</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Payable from current assets:			
Accounts payable	24,374	7,782	32,156
Accrued payables	2,448	15,200	17,648
Due to other funds	32	7,911	7,943
Payable from restricted assets:			
Bonds payable due within one year	-	73,000	73,000
Total current liabilities	<u>26,854</u>	<u>103,893</u>	<u>130,747</u>
<u>NONCURRENT LIABILITIES</u>			
Accumulated leave	46,512	21,044	67,556
Customer meter deposits	-	104,641	104,641
Bonds payable	-	1,092,000	1,092,000
Net pension liability	222,523	226,156	448,679
Total noncurrent liabilities	<u>269,035</u>	<u>1,443,841</u>	<u>1,712,876</u>
Total liabilities	<u>295,889</u>	<u>1,547,734</u>	<u>1,843,623</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	9,977	10,140	20,117
Total deferred inflows of resources	<u>9,977</u>	<u>10,140</u>	<u>20,117</u>
<u>NET POSITION</u>			
Net investment in capital assets	809,719	1,198,502	2,008,221
Restricted for debt retirement	-	328,729	328,729
Unrestricted	644,954	128,513	773,467
TOTAL NET POSITION	<u>\$ 1,454,673</u>	<u>\$ 1,655,744</u>	<u>\$ 3,110,417</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED APRIL 30, 2020

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for service			
Sales	\$ 341,827	\$ 569,976	\$ 911,803
Use of oxidation pond	866,563	-	866,563
Delinquent charges	7,249	16,565	23,814
Miscellaneous revenues	13,070	59,183	72,253
Total operating revenues	1,228,709	645,724	1,874,433
<u>OPERATING EXPENSES</u>			
Professional services	19,592	21,725	41,317
Payroll taxes	23,321	19,000	42,321
Retirement	54,058	59,539	113,597
Insurance	65,360	104,465	169,825
Office supplies and postage	1,914	8,918	10,832
Miscellaneous	47,267	82,545	129,812
Salaries	299,404	248,227	547,631
Oxidation pond/water plant analysis and treatment	12,287	7,921	20,208
Electricity	63,253	15,558	78,811
Materials, supplies, and repairs	152,725	65,185	217,910
Depreciation	66,686	146,553	213,239
Total operating expenses	805,867	779,636	1,585,503
	422,842	(133,912)	288,930
<u>OPERATING INCOME (LOSS)</u>			
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Ad valorem taxes	-	59,108	59,108
Capital grants	35,000	792	35,792
Interest expense	-	(38,962)	(38,962)
Total nonoperating revenues	35,000	20,938	55,938
<u>Income (loss) before transfers</u>	457,842	(112,974)	344,868
Transfers out	(150,000)	-	(150,000)
Operating transfers out	(150,000)	-	(150,000)
<u>CHANGE IN NET POSITION</u>	307,842	(112,974)	194,868
Net position, April 30, 2019	1,146,831	1,768,718	2,915,549
Net position, April 30, 2020	\$ 1,454,673	\$ 1,655,744	\$ 3,110,417

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2020

	Sewer Fund	Water Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 1,164,624	\$ 579,311	\$ 1,743,935
Cash paid to employees and suppliers	(814,172)	(612,763)	(1,426,935)
Other receipts from operations	13,070	59,183	72,253
Net cash provided by operating activities	363,522	25,731	389,253
 <u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
<u>ACTIVITIES:</u>			
Transfers to other funds	(150,000)	-	(150,000)
Net cash used in noncapital financing activities	(150,000)	-	(150,000)
 <u>CASH FLOWS FROM CAPITAL AND RELATED</u>			
<u>FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(90,745)	(25,098)	(115,843)
Capital grant received	35,000	792	35,792
Ad valorem tax	-	59,108	59,108
Principal payments on long-term debt	-	(71,000)	(71,000)
Interest paid on long-term debt	-	(38,962)	(38,962)
Net cash used in capital and related financing activities	(55,745)	(75,160)	(130,905)
 Net increase (decrease) in cash and cash equivalents	 157,777	 (49,429)	 108,348
Cash and cash equivalents - beginning of year	526,125	746,697	1,272,822
Cash and cash equivalents - end of year	\$ 683,902	\$ 697,268	\$ 1,381,170
 Cash and cash equivalents - end of year			
Cash - current	\$ 683,892	\$ 260,875	\$ 944,767
Cash - restricted	10	436,393	436,403
	\$ 683,902	\$ 697,268	\$ 1,381,170

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2020

	Sewer Fund	Water Fund	Total
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 422,842	\$ (133,912)	\$ 288,930
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -			
Depreciation	66,686	146,553	213,239
Bad debt expense	-	11,973	11,973
Net changes in assets and liabilities -			
Accounts receivables	(46,910)	(7,198)	(54,108)
Prepaid expenses and other assets	(4,105)	(32)	(4,137)
Deferred outflows of resources	9,140	6,545	15,685
Accounts payable and other liabilities	(93,817)	(15,385)	(109,202)
Net pension liability	9,473	16,788	26,261
Deferred inflows of resources	213	399	612
Net cash provided by operating activities	\$ 363,522	\$ 25,731	\$ 389,253

(concluded)

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. **Summary of Significant Accounting Policies**

The Town of Lutcher, Louisiana (the Town) was incorporated on March 13, 1912, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The Town's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:514, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Codification, Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Codification, Section 2100, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Codification, Section 2100 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Town of Lutcher. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

1. **Summary of Significant Accounting Policies** (continued)

Basis of Presentation, Basis of Accounting (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major enterprise funds:

- a. Water Fund - This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- b. Sewer Fund - This fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

1. **Summary of Significant Accounting Policies** (continued)

Basis of Presentation, Basis of Accounting (continued)

Additionally, the Town reports the following non-major governmental fund:

- a. Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted fund balances available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

1. **Summary of Significant Accounting Policies** (continued)

Budgets and Budgetary Accounting

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

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts included in the financial statements include the original adopted budget, and the final amended budget.

Cash and Cash Equivalents

Cash and cash equivalents, which include demand deposit accounts and interest-bearing demand deposit accounts are stated at market value. Under Louisiana Revised Statute 33:2955, the Town may deposit funds in obligations of the U.S. Treasury and U.S. agencies, demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates of deposits. These are classified as cash equivalents if the original maturities are 90 days or less; however, if their original maturity exceeds 90 days, these are classified as investments. Investments are stated at cost and approximate fair value.

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

1. **Summary of Significant Accounting Policies** (continued)

Restricted Assets

Certain customer meter deposits, debt service sinking funds, and ad valorem tax collections are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Position since the use of these funds is limited by applicable deposit agreements, bond covenants, and tax millages.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets with a cost of \$1,000 or more are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Town has elected not to report major general infrastructure assets retroactively. The Town began reporting infrastructure assets beginning May 1, 2005.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7-40 years
Land improvements	20 years
Lutcher park	20-40 years
Streets	20 years
Drainage	20-25 years
Equipment	5-20 years

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40 years
Waterworks system	40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

All fixed assets are stated at historical cost.

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized as bad debts through the establishment of an allowance for uncollectible accounts at the time information becomes available which indicates the uncollectibility of the particular receivable.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. Summary of Significant Accounting Policies (continued)

Accumulated Leave

Employees earn vacation and sick leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation and sick leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Additionally, salaried employees can accumulate an unlimited amount of compensatory time as approved by the Mayor. Any accrued compensatory time balances are to be paid at convertible hourly rates at the request of the employee and approval of the Mayor.

Long Term Debt

In the government-wide Statement of Net Position and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of debt issuance. Bonded debt premiums, discounts, and gains (losses) on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

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

Excess revenue contracts, loans, and notes are obligations of the general government and payment of these debts are normally provided by transfers from the General Fund to a debt service fund. However, if a debt is intended to be repaid by an enterprise fund it is recorded as a proprietary long-term debt.

Ad valorem tax revenue bonds are secured by ad valorem tax revenues. For those issues not associated with enterprise fund operations, payment of the debt is provided by ad valorem tax revenue recognized in the appropriate debt service fund. Ad valorem tax revenue bond issues associated with enterprise funds are accounted for in the relevant enterprise fund.

Pension Plans

The Town of Lutcher is a participating employer in two cost-sharing, multiple-employer defined benefit pension plans as described in Note 10. 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 each of the plans, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plans.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. **Summary of Significant Accounting Policies** (continued)

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use for a particular project or service, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements: In the fund financial statements, governmental fund equity is classified as fund balance. Accounting standards require governmental fund balances to be recorded in as many as five classifications as listed below:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board of Aldermen, which is the highest level of decision-making authority.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Town reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the Town reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

Interfund Balances / Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases, where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

1. **Summary of Significant Accounting Policies** (continued)

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The primary government's deferred outflows and deferred inflows of resources on the statement of net position are a result of deferrals concerning pensions.

Estimates

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

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Town carries commercial insurance for all risks of loss.

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at April 30, 2020.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

2. **Cash**

At April 30, 2020, the carrying amounts of the Town's deposits were as follows:

Petty cash		\$	200
Demand deposit accounts/savings accounts			1,891,992
Restricted cash			494,347
Total			\$ 2,386,539

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a 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.

3. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At April 30, 2020, the Town's bank balances totaled \$2,424,883. Of these bank balances, \$500,000 was covered by federal depository insurance, and \$1,924,883 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

4. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended April 30, 2020, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Construction in progress	Total
Cost at April 30, 2019	\$ 49,005	\$ 297,721	\$ 345,635	\$ 1,053,197	\$ 549,637	\$ 408,653	\$ -	\$ 2,703,848
Additions	-	-	-	20,097	36,125	9,886	43,430	109,538
Deletions	-	(785)	-	-	-	(34,628)	-	(35,413)
Cost of Capital Assets April 30, 2020	49,005	296,936	345,635	1,073,294	585,762	383,911	43,430	2,777,973
Accumulated depreciation April 30, 2019	7,068	229,232	295,635	459,212	282,101	353,352	-	1,626,600
Additions	496	6,410	-	53,573	27,594	12,566	-	100,639
Deletions	-	(785)	-	-	-	(34,327)	-	(35,112)
Accumulated depreciation April 30, 2020	7,564	234,857	295,635	512,785	309,695	331,591	-	1,692,127
Capital Assets, net of accumulated depreciation at April 30, 2020	\$ 41,441	\$ 62,079	\$ 50,000	\$ 560,509	\$ 276,067	\$ 52,320	\$ 43,430	\$ 1,085,846

Capital assets above that are not being depreciated include land in the amount of \$39,085 included in Land and Improvements. Additionally, land in the amount of \$50,000 included in Lutcher Park is not being depreciated.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

4. **Capital Assets** (continued)

Depreciation expense of \$100,639 for the year ended April 30, 2020 was charged to the following governmental functions:

General Government	\$	12,701
Streets and Drainage		86,010
Public Safety		1,928
	\$	100,639

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Construction in Progress	Total
Total Cost of Capital Assets					
April 30, 2019	\$ 63,050	\$ 9,947,952	\$ 337,006	\$ -	\$ 10,348,008
Additions	31,805	71,453	12,585	-	115,843
Deletions	-	-	(5,278)	-	(5,278)
Transfers	-	-	-	-	-
Cost of Capital Assets					
April 30, 2020	94,855	10,019,405	344,313	-	10,458,573
Accumulated depreciation					
April 30, 2019	15,855	6,839,634	216,423	-	7,071,912
Additions	1,328	184,270	27,641	-	213,239
Deletions	-	-	(5,278)	-	(5,278)
Accumulated depreciation					
April 30, 2020	17,183	7,023,904	238,786	-	7,279,873
Capital Assets, net of accumulated depreciation at					
April 30, 2020	\$ 77,672	\$ 2,995,501	\$ 105,527	\$ -	\$ 3,178,700

Capital assets above that are not being depreciated include land in the amount of \$66,100.

Depreciation expense of \$213,239 for the year ended April 30, 2020 was charged to the following governmental functions:

Sewer Fund	\$	66,686
Water Fund		146,553
	\$	213,239

Construction Commitment

As of April 30, 2020, the Town was committed to construction and engineering contract agreements totaling \$496,241, of which \$41,630 was expended through April 30, 2020.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

5. **Due from Other Governmental Units**

At April 30, 2020, the Town has \$98,937 due from the St. James Parish School Board for sales tax collections.

6. **Accumulated Leave**

The following is a summary of the changes in accumulated leave for the year ended April 30, 2020:

	<u>Balance</u> <u>4/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>4/30/2020</u>
Governmental:				
Compensated absences	\$ 13,446	\$ 14,192	\$ 12,673	\$ 14,965
Compensatory time	6,571	4,000	1,265	9,306
Total governmental	<u>20,017</u>	<u>18,192</u>	<u>13,938</u>	<u>24,271</u>
Business-type:				
Compensated absences	40,293	37,328	33,609	44,012
Compensatory time	25,242	31,527	33,225	23,544
Total business-type	<u>65,535</u>	<u>68,855</u>	<u>66,834</u>	<u>67,556</u>
Total primary government	<u>\$ 85,552</u>	<u>\$ 87,047</u>	<u>\$ 80,772</u>	<u>\$ 91,827</u>

7. **Long-term Debt**

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2020:

	<u>Balance</u> <u>4/30/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>4/30/20</u>	<u>Due within</u> <u>One Year</u>
Governmental activities:					
General Obligation					
Bonds, Series 2012A	\$ 147,000	\$ -	\$ 16,000	\$ 131,000	\$ 17,000
	<u>\$ 147,000</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ 131,000</u>	<u>\$ 17,000</u>
Business-type activities:					
General Obligation					
Bonds, Series 2012	\$ 868,000	\$ -	\$ 54,000	\$ 814,000	\$ 56,000
Taxable Limited					
Bonds, Series 2016	368,000	-	17,000	351,000	17,000
	<u>\$ 1,236,000</u>	<u>\$ -</u>	<u>\$ 71,000</u>	<u>\$ 1,165,000</u>	<u>\$ 73,000</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

7. **Long-term Debt** (continued)

Bonds payable at April 30, 2020 were comprised of the following individual issues:

Governmental activities:

Debt Service Fund

\$255,000 of General Obligation Bonds, Series 2012A; due in various semi-annual installments, including interest at 3%, through March 1, 2027; payable from ad valorem taxes. \$ 131,000

Business-type activities:

Water Fund

\$1.1 million of General Obligation Bonds, Series 2012; due in various semi-annual installments, including interest at 2.95%, through March 1, 2032; payable from ad valorem taxes. \$ 814,000

\$500,000 of Taxable Limited Bonds, Series 2016; due in various semi-annual installments, including interest at 1.95%, through March 1, 2037; payable from ad valorem taxes. 351,000

\$ 1,165,000

The annual requirements to amortize all debt outstanding as of April 30, 2020, are as follows:

<u>Year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 90,000	\$ 34,807	\$ 124,807
2022	93,000	32,314	125,314
2023	95,000	29,731	124,731
2024	100,000	27,090	127,090
2025	102,000	24,321	126,321
2026 – 2030	494,000	79,287	573,287
2031 - 2035	274,000	18,673	292,673
2036 - 2040	48,000	1,443	49,443
	<u>\$1,296,000</u>	<u>\$ 247,665</u>	<u>\$ 1,543,665</u>

As part of the various bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, maintenance of various deposit accounts and funds, and other administrative requirements.

Computation of legal debt margin for general obligation bonds is as follows:

Ad valorem tax – Assessed valuation, 2019 tax rolls	\$ 17,213,003
Debt limit: 10% of assessed valuation (for any purpose)	\$ 1,721,300
Debt limit: 15% of assessed valuation (for sewerage purposes)	\$ 2,581,950
Debt limit: 35% of assessed valuation (aggregate, all purposes)	\$ 6,024,551

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

8. **Ad Valorem Taxes**

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2020 taxes of 7 mills were authorized and levied on property with assessed valuations totaling \$17,213,003 for general purposes. Additional taxes of 4.37 mills were authorized and levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due. All millages expire on December 31, 2020.

Ad valorem taxes levied during the year ended April 30, 2020 totaled \$195,716.

9. **Transfers to/from Other Funds**

Interfund transfers at April 30, 2020, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 150,000	\$ 12,480
Debt Service Fund	12,480	-
Sewer Fund	-	150,000
	<u>\$ 162,480</u>	<u>\$ 162,480</u>

10. **Pension and Retirement Plans**

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

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

MERS:
7937 Office Park Boulevard
Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:
7722 Office Park Boulevard, Suite 200
Baton Rouge, LA 70809
(225) 929-7411
www.lampers.org

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

10. **Pension and Retirement Plans** (continued)

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:1732. The age and years of credible service required in order for a member to receive retirement benefits are established by LRS 11:1801.

Municipal Police Employees' Retirement System of Louisiana (MPERS)

The Municipal Police Employees' Retirement System of Louisiana (MPERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The plan provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211 – 11:2233.

Funding Policy:

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended April 30, 2020, for the Town and covered employees were as follows:

	<u>Town</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	14.00%	5.00%
Members hired after 01/01/2013	14.00%	5.00%
Municipal Police Employees' Retirement Systems		
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	32.50%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.50%	8.00%
Employees receiving compensation below poverty guidelines of US Department of health	35.00%	7.50%

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

10. **Pension and Retirement Plans** (continued)

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of the years ending April 30, 2020 were as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Municipal Employees' Retirement System Plan B	\$ 86,260	\$ 81,078	\$ 73,185
Municipal Police Employees' Retirement System	\$ 15,672	\$ 14,705	\$ 14,232

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2019 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of April 30, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 rate. The Town's proportion of the Net Pension Liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers.

	<u>Net Pension Liability at June 30, 2019</u>	<u>Rate at June 30, 2019</u>	<u>Increase on June 30, 2018 Rate</u>
Municipal Employees' Retirement System Plan B	\$ 672,682	0.7689%	(0.0003%)
Municipal Police Employees' Retirement System	<u>133,773</u>	0.0147%	(0.0009%)
	<u>\$ 806,455</u>		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended April 30, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Municipal Employees' Retirement System Plan B	\$ 51,565	\$ 103,284	\$ 154,849
Municipal Police Employees' Retirement System	<u>50,583</u>	<u>-</u>	<u>50,583</u>
	<u>\$ 102,148</u>	<u>\$ 103,284</u>	<u>\$ 205,432</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

10. **Pension and Retirement Plans** (continued)

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

At April 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 281	\$ (39,023)
Changes of assumptions	48,502	-
Net difference between projected and actual earnings on pension plan investments	79,541	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,756	(347)
Employer contributions subsequent to the measurement date	78,988	-
Total	<u>\$ 218,068</u>	<u>\$ (39,370)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System Plan B	\$ 180,230	\$ (30,161)
Municipal Police Employees' Retirement System	37,830	(9,209)
	<u>\$ 218,068</u>	<u>\$ (39,370)</u>

The Town reported a total of \$78,988 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in Net Pension Liability in the year ended April 30, 2021. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Municipal Employees' Retirement System Plan B	\$ 66,119
Municipal Police Employees' Retirement System	12,869
	<u>\$ 78,988</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

10. **Pension and Retirement Plans** (continued)

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

<u>Year</u>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
2021	\$ 45,864	\$ 13,713	\$ 59,577
2022	22,505	(1,699)	20,806
2023	9,434	1,568	11,002
2024	6,155	2,170	8,325
	<u>\$ 83,958</u>	<u>\$ 15,752</u>	<u>\$ 99,710</u>

Actuarial Assumptions:

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

<u>Valuation Date</u>	<u>MERS</u>	<u>MPERS</u>								
	June 30, 2019	June 30, 2019								
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal cost								
Actuarial Assumptions:										
Expected Remaining Service Lives	3 years	4 years								
Investment Rate of Return	7.000%	7.125%								
Inflation Rate	2.500%	2.500%								
Mortality	For annuitant and beneficiary mortality tables used were PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For employees, the PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For disable lives morality, PubNS-2010(B) Disabled Retiree Table set equal to 120% males and females with the full generational MP2018 scale.	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								
Salary Increases	1-4 years of service - 7.4% Over 4 years of service – 4.9%	<table border="1"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">Over 23</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Over 23	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>									
1-2	9.75%									
3-23	4.75%									
Over 23	4.25%									

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

10. **Pension and Retirement Plans** (continued)

Actuarial Assumptions (continued)

	<u>MERS</u>	<u>MPERS</u>
Cost of Living Adjustments	<p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p>	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>

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

<u>MERS</u>	<u>MPERS</u>
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2019.</p>	<p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75 % and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 7.89% for the year ended June 30, 2019.</p>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

10. **Pension and Retirement Plans** (continued)

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2019:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	50.0%	-	2.15%	-
Equity	-	48.5%	-	3.28%
Public fixed income	35.0%	-	1.51%	-
Fixed income	-	33.5%	-	0.80%
Alternatives	15.0%	18.0%	0.64%	1.06%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>4.30%</u>	<u>5.14%</u>
Inflation			<u>2.70%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>7.89%</u>

Discount Rate:

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.000% and 7.125%, respectively for the measurement period ending June 30, 2019.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS (Plan B)			
Rates	6.000%	7.000%	8.000%
Town of Lutcher's Share of NPL	\$ 896,509	\$ 672,682	\$ 483,381
MPERS			
Rates	6.125%	7.125%	8.125%
Town of Lutcher's Share of NPL	\$ 186,390	\$ 133,773	\$ 89,633

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

10. **Pension and Retirement Plans** (continued)

Payables to the Pension Plan:

The Town recorded accrued liabilities to each of the Retirement Systems for the year ended April 30, 2020 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. At April 30, 2020 the amounts owed to the retirement systems are as follows:

	Accounts Payable
Municipal Employees' Retirement System Plan B	\$ 6,516
Municipal Police Employees' Retirement System	1,181
	\$ 7,697

11. **Restricted Assets**

Under the terms of the bond indentures for the general obligation bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems totaling \$386,723.

As of April 30, 2020, the Town was in compliance with all related debt covenants.

At April 30, 2020, the Town has \$107,624 of cash restricted for the refunding of customer meter deposits.

12. **Restricted Fund Balance and Net Position**

Fund balance/net position is restricted as follows:

	General Fund	Debt Service Fund	Water Fund	Total
Restricted for:				
Bond retirement	\$ -	\$ 57,944	\$ 328,729	\$ 386,673
Road maintenance	500,000	-	-	500,000
	\$ 500,000	\$ 57,944	\$ 328,729	\$ 886,673

13. **Sales Taxes**

The Town receives a 1% sales tax collected on sales occurring within the boundaries of the Town of Lutcher. These proceeds are available for any lawful purpose of operating a municipality. The Town receives an additional 1 percent sales tax for the purpose of constructing, improving, extending and maintaining streets, drainage, water, sewer infrastructure and sewerage treatment works; and purchasing necessary equipment and land for any of the aforesaid public works, improvements and facilities. The Town recognized \$579,236 of sales tax revenue during the year ended April 30, 2020. These taxes do not expire.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

14. **Commitments**

The Town has entered into lease obligations for the rental of equipment. Leases that do not meet criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred.

Operating lease expenditures amounted to \$249,997 for the year ended April 30, 2020.

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2020, that have initial or remaining terms in excess of one year.

<u>Year Ending April 30,</u>	<u>Minimum Payments</u>
2021	\$ 242,060
2022	241,483
2023	119,876
	<u>\$ 603,419</u>

15. **Tax Abatement**

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending April 30, 2020, the Town did not participate in any Tax Exemption Programs.

16. **COVID-19 Pandemic**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Town and its financial results.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2020

17. **Current Accounting Standards Scheduled to be Implemented**

Following is a summary of the accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the Town's financial report:

GASB Statement 83, *Certain Asset Retirement Obligation (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2019. The Town will include the requirements of this standard, as applicable, in its April 30, 2021 financial statement. The effect of this standard or its applicability to the Town is unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The Town will include the requirements of this standard, as applicable, in its April 30, 2023 financial statements. All of the Town's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the Town are unknown at this time.

GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The Town will include the requirements of this standard, as applicable, in its April 30, 2021 financial statements. The effect of this standard to the Town is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF THE TOWN OF LUTCHER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED APRIL 30, 2020 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System (Plan B)						
	2019	0.7689%	\$ 672,682	\$ 587,831	114.4346%	66.14%
	2018	0.7692%	650,632	570,056	114.1348%	65.60%
	2017	0.7650%	661,937	567,857	116.5676%	63.49%
	2016	0.7560%	626,671	555,452	112.8218%	63.34%
	2015	0.6997%	475,515	485,462	97.9510%	68.71%
	2014	0.6330%	297,170	397,823	74.6990%	76.94%
Municipal Police Employees' Retirement System						
	2019	0.0147%	\$ 133,773	\$ 46,000	290.8109%	71.01%
	2018	0.0156%	131,773	46,000	286.4630%	71.90%
	2017	0.0154%	134,527	46,000	292.3450%	70.08%
	2016	0.0113%	106,044	31,692	334.6081%	66.04%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of the June 30th for year listed.

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
(DEFINED BENEFIT COST SHARING PLANS ONLY)
FOR THE YEAR ENDED APRIL 30, 2020

Pension Plan:	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll ³	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System (Plan B)						
	2020	\$ 81,895	\$ 81,895	\$ -	\$ 616,145	13.2915%
	2019	81,078	81,078	-	585,011	13.8592%
	2018	73,185	73,185	-	571,192	12.8127%
	2017	60,237	60,237	-	561,941	10.7195%
	2016	50,977	50,977	-	536,600	9.5000%
	2015	43,671	43,671	-	464,868	9.3943%
Municipal Police Employees' Retirement System						
	2020	\$ 15,672	\$ 15,672	\$ -	\$ 48,288	32.4553%
	2019	14,705	14,705	-	46,000	31.9672%
	2018	14,232	14,232	-	46,000	30.9391%
	2017	14,410	14,410	-	46,000	31.3261%
	2016	6,785	6,785	-	23,000	29.5000%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

- ¹ *Employer contribution rate multiplied by covered payroll*
- ² *Actual employer contributions remitted to Retirement Systems*
- ³ *Covered payroll amount for each of the fiscal years ended April 30.*

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2020

Changes of Benefit Terms include:

Municipal Employee's Retirement System (Plan B)

There were no changes of benefit terms for the years presented.

Municipal Police Employee's Retirement System

There were no changes of benefit terms for the years presented.

Changes of Assumptions:

Municipal Employee's Retirement System (Plan B)

The following changes in actuarial assumptions for each year are as follows:

Discount Rate:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	7.000%	-0.275%
4/30/2019	6/30/2018	7.275%	-0.525%
4/30/2018	6/30/2017	7.800%	0.300%
4/30/2017	6/30/2016	7.500%	0.000%
4/30/2016	6/30/2015	7.500%	-0.250%
4/30/2015	6/30/2014	7.750%	

Merit:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	2.400%	0.000%
4/30/2019	6/30/2018	2.400%	0.275%
4/30/2018	6/30/2017	2.125%	0.000%
4/30/2017	6/30/2016	2.125%	0.000%
4/30/2016	6/30/2015	2.125%	-0.625%
4/30/2015	6/30/2014	2.750%	

Inflation Rate:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	2.500%	-0.100%
4/30/2019	6/30/2018	2.600%	-0.175%
4/30/2018	6/30/2017	2.775%	-0.100%
4/30/2017	6/30/2016	2.875%	0.000%
4/30/2016	6/30/2015	2.875%	-0.125%
4/30/2015	6/30/2014	3.000%	

Investment rate of return:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	7.000%	-0.275%
4/30/2019	6/30/2018	7.275%	-0.125%
4/30/2018	6/30/2017	7.400%	-0.100%
4/30/2017	6/30/2016	7.500%	0.000%
4/30/2016	6/30/2015	7.500%	-0.250%
4/30/2015	6/30/2014	7.750%	

Salary Increases:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	4.9% - 7.4%	
4/30/2019	6/30/2018	5.000%	0.000%
4/30/2018	6/30/2017	5.000%	0.000%
4/30/2017	6/30/2016	5.000%	0.000%
4/30/2016	6/30/2015	5.000%	-0.750%
4/30/2015	6/30/2014	5.750%	

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2020

Changes of Assumptions: (continued)

Municipal Police Employee's Retirement System

The following changes in actuarial assumptions for each year are as follows:

Discount Rate:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	7.125%	-0.075%
4/30/2019	6/30/2018	7.200%	-0.125%
4/30/2018	6/30/2017	7.325%	-0.175%
4/30/2017	6/30/2016	7.500%	

Inflation Rate:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	2.500%	-0.100%
4/30/2019	6/30/2018	2.600%	-0.100%
4/30/2018	6/30/2017	2.700%	-0.175%
4/30/2017	6/30/2016	2.875%	

Salary Increases:

No changes for the year presented.

Merit:

No changes for the year presented.

Investment rate of return:

Year End	Measurement date	Rate	Change
4/30/2020	6/30/2019	7.125%	-0.075%
4/30/2019	6/30/2018	7.200%	-0.125%
4/30/2018	6/30/2017	7.325%	-0.175%
4/30/2017	6/30/2016	7.500%	

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED APRIL 30, 2020

	Original Budget	Final Amended Budget	Actual
<u>REVENUES</u>			
Taxes	\$ 600,000	\$ 688,000	\$ 731,962
Franchise taxes	96,000	103,400	104,408
Garbage fees	245,000	240,600	245,297
Licenses and permits	126,500	139,300	138,829
Intergovernmental revenues:			
Beer	500	1,000	1,164
Grants	-	500,000	500,000
Fines	20,000	13,500	9,658
Other revenue	33,500	58,080	63,303
Total revenues	1,121,500	1,743,880	1,794,621
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	391,125	401,638	402,740
Streets and drainage	428,100	438,200	397,473
Public safety	299,950	252,450	232,956
Sanitation	270,000	250,000	246,911
Capital outlay	128,000	116,000	109,538
Total expenditures	1,517,175	1,458,288	1,389,618
<u>EXCESS OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	(395,675)	285,592	405,003
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	225,000	150,000	150,000
Transfers out	-	-	(12,480)
Total other financing sources	225,000	150,000	137,520
<u>NET CHANGE IN FUND BALANCE</u>	(170,675)	435,592	542,523
<u>FUND BALANCE</u>			
Beginning of year	299,572	491,809	491,809
End of year	\$ 128,897	\$ 927,401	\$ 1,034,332

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2020

	Original Budget	Final Amended Budget	Actual
<u>GENERAL GOVERNMENT</u>			
Salaries	\$ 171,925	\$ 167,488	\$ 182,907
Professional fees	39,250	47,000	49,794
Electricity	15,000	10,000	9,295
Insurance	57,500	57,000	55,650
Supplies and maintenance	11,450	10,950	5,507
Miscellaneous	6,500	9,000	17,813
Retirement	15,000	15,500	14,012
Office expenses	30,500	26,500	20,255
Payroll taxes	15,000	13,000	12,522
Per diem	9,000	17,000	15,515
Dues and subscriptions	1,500	2,700	2,135
Education and conventions	6,000	8,000	7,505
Computer	2,500	7,000	-
Telephone	10,000	10,500	9,830
Total general government	<u>391,125</u>	<u>401,638</u>	<u>402,740</u>
<u>STREETS AND DRAINAGE</u>			
Salaries	115,100	102,700	93,735
Payroll taxes	8,000	7,000	6,999
Miscellaneous	13,000	7,500	4,865
Gasoline, oil, and diesel	6,000	9,000	7,395
Street drainage and ditching	11,000	26,500	23,061
Beautification	8,000	12,500	11,400
Truck and tractor expense	6,000	12,000	10,428
Supplies and maintenance	54,500	59,200	51,570
Electricity	65,000	72,000	64,992
Insurance	33,000	28,000	26,128
Retirement	10,000	9,300	8,321
Uniforms	3,500	4,500	3,824
Grass cutting - contractor	45,000	50,000	48,686
Sales tax - special election	50,000	38,000	36,069
Total streets and drainage	<u>428,100</u>	<u>438,200</u>	<u>397,473</u>

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2020

	Original Budget	Final Amended Budget	Actual
<u>PUBLIC SAFETY</u>			
Salaries	180,750	127,750	119,361
Gasoline and oil	7,000	5,500	3,937
Uniforms	1,000	-	-
Telephone	3,000	2,500	1,886
Insurance	54,000	60,100	58,406
Vehicle expenses	2,500	6,500	4,750
Supplies and maintenance	4,000	1,000	1,365
Office supplies	1,000	3,000	568
Payroll taxes	16,000	10,500	10,215
Printing & publishing	500	200	62
Retirement	25,000	25,000	22,081
Miscellaneous	1,000	1,300	1,284
Computer	3,000	8,500	8,441
Education and convention	1,000	300	300
Dues and subscriptions	200	300	300
Total public safety	<u>299,950</u>	<u>252,450</u>	<u>232,956</u>
<u>SANITATION</u>			
Solid waste disposal	<u>270,000</u>	<u>250,000</u>	<u>246,911</u>
Total sanitation	<u>270,000</u>	<u>250,000</u>	<u>246,911</u>
<u>CAPITAL OUTLAY</u>			
Capital outlay	<u>128,000</u>	<u>116,000</u>	<u>109,538</u>
Total capital outlay	<u>128,000</u>	<u>116,000</u>	<u>109,538</u>
Total all departments	<u>\$ 1,517,175</u>	<u>\$ 1,458,288</u>	<u>\$ 1,389,618</u>

(concluded)

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutchet, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutchet, Louisiana, (the Town) as of and for the year ended April 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 28, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 28, 2020

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

YEAR ENDED APRIL 30, 2020

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

_____ Yes X No

- Significant deficiency identified not considered to be a material weakness?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

TOWN OF LUTCHER
Lutcher, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED APRIL 30, 2020

A. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2019-001 Compensatory Time

Condition: The Town did not adhere with the adopted ordinance.

Current Status: Resolved.

COMPLIANCE

2019-002 Sinking Fund Requirements

Condition: The Town failed to establish the Taxable Limited Bonds Sinking Fund bank account.

Current Status: Resolved.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED APRIL 30, 2020

Mayor:		
Patrick St. Pierre	\$	32,000
Aldermen:		
Darlene Riley		9,120
Donald Batiste		9,120
Danny Manuel		9,160
Ronald J. St. Pierre		9,160
Thomas George		9,160
Chief of Police:		
Dwan Bowser		46,250
	<u>\$</u>	<u>123,970</u>

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED APRIL 30, 2020

Agency Head Name/Title: Mayor Patrick St. Pierre

<u>Purpose</u>		<u>Amount</u>
Salary	\$	32,000
Benefits - insurance		16,015
Benefits - retirement		4,480
Benefits – short term disability		49
Registration fees		75
Conference travel		1,403
Special meals		1,191
Telephone Expense		809
Mileage		7,074
Other		243
Total	\$	<u>63,339</u>

PERFORMANCE AND STATISTICAL DATA

TOWN OF LUTCHER
Lutcher, Louisiana

INSURANCE-IN-FORCE
April 30, 2020
(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
General Liability (business, auto, crime, law enforcement & public officials)	Risk Management, Inc.	May 1, 2021	\$ 2,000,000
Boiler & Machinery Equip.	Rod Prejean & Assoc.	May 1, 2021	\$ 3,478,761
Public Officials Bond	Rod Prejean & Assoc	January 24, 2021	\$ 10,000
Commercial Property	Englade Boudreaux	June 12, 2021	\$ 3,192,042
FHA Bond	Rod Prejean & Assoc	January 27, 2021	\$ 70,000
Governmental Crime Policy	Rod Prejean & Assoc	March 23, 2021	\$ 10,000
Vehicle Physical Damage	Rod Prejean & Assoc	May 1, 2021	\$ 152,189
Water Intake Structure Inland Marine	Englade Boudreaux	November 15, 2020	\$475,000
Workers Compensation	Risk Management, Inc.	May 1, 2021	\$700,000

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2020
(Without Audit)

Statistics on System Operations

- (a) As of April 30, 2020 the number of metered customers was 1,393 and 1,289 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2020.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2020 for water and sewer services:
- (1) Water

The water rates to all water suppliers and to all water customers as users of the Town water system are as follows:

Residential Customers

0 – 2,500 gallons	\$18.80 (base rate)
Over 2,500 gallons	\$3.75 per 1,000 gallons or fraction thereof

Small Commercial Customers

0 – 5,000 gallons	\$42.65 (base rate)
Over 5,000 gallons	\$3.75 per 1,000 gallons or fraction thereof

Medium Commercial Customers

0 – 10,000 gallons	\$58.63 (base rate)
Over 10,000 gallons	\$3.75 per 1,000 gallons or fraction thereof

Large Commercial Customers

0 – 25,000 gallons	\$74.63 (base rate)
Over 25,000 gallons	\$3.75 per 1,000 gallons or fraction thereof

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2020
(Without Audit)

Statistics on System Operations (continued)

(2) Sewer

The rates and charges for all customers and users of the sewerage treatment and disposal system of the Town are hereby established as follows:

Residential Customers	\$ 15.00 (flat rate)
Small Commercial Customers	\$ 40.00 (flat rate)
Medium Commercial Customers	\$ 90.00 (flat rate)
Large Commercial Customers	\$ 180.00 (flat rate)

(c) Average monthly billing per customer during the year ended April 30, 2020:

1. Water	\$ <u>34.10</u>
2. Sewer	\$ <u>19.00</u>

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Lutcher, Louisiana.

We have audited the financial statements of the Town of Lutcher for the year ended April 30, 2020, and have issued our report thereon dated October 28, 2020. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated October 28, 2020, on the financial statements of the Town of Lutcher or the Town's internal control over financial reporting.

ML-2020-001 RedFlex Collections

Condition: Controls relating to the collection and recognition of revenue received from RedFlex should be strengthened.

Recommendations: The Town should maintain a list of the citations that have been approved for issuance to violators of speed limits established by the Town. The list of citations that have been issued should be reconciled on a monthly basis to the aging report that is generated by RedFlex Traffic Systems, Inc. The collection log should be reconciled to the monthly summary report and agreed to the deposits posted to the Town's bank account.

ML-2020-002 Internal Control

Condition: Management is responsible for designing controls that safeguard the assets of the Town. During the audit, the following were noted as improvement opportunities:

- The Town does not have written policies and procedures surrounding the functions of financial reporting. Additionally, in the event of an unplanned absence by the Town Clerk, another employee has not been trained to fulfill some of the functions of financial reporting.
- There are infrequent instances when one employee becomes responsible for all duties surrounding the cash function.
- Vendor additions and vendor maintenance in the accounts payable system is not being reviewed.
- There is no review of the client prepared fixed asset schedule.

Recommendations: Management should design and implement a formal process and establish procedures to ensure the following:

- Witten policies and procedures should encompass all functions of financial reporting.
- Employees should be trained to fulfill the financial reporting functions of other employees in the event of their absence.
- Vendor maintenance should be reviewed to ensure that all changes are accurate.
- Additional controls should be put in place to ensure that one employee is not responsible for all duties surrounding the cash function. Additionally, controls should be put in place to ensure fixed asset listings are accurate.

ML-2020-003 Ad Valorem Collections

Condition: Controls relating to the collection and recognition of revenue received from Ad Valorem collections could be strengthened to ensure that the revenues are allocated to the appropriate funds based on the assessed millage.

Recommendations: The Town should improve controls to include a review of the Ad Valorem Tax allocations prepared by the Town Clerk.

This information is intended solely for the use of the Mayor, Board of Aldermen and management of the Town of Litcher and should not be used for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 28, 2020

Status of Prior Year Management Letter Comments

ML-2019-001 RedFlex Collections

Condition: Controls relating to the collection and recognition of revenue received from RedFlex should be strengthened.

Current Status: The item has not been resolved and is included as a current year improvement as ML-2020-001.

ML-2019-002 Cash, Capital Assets, Accounts Payable, and Journal Entries

Condition: Management is responsible for designing controls that safeguard the assets of the Town. During the audit, the following were noted as the result of deficiencies in internal controls:

- The Town does not have written policies and procedures surrounding the functions of financial reporting. Additionally, in the event of an unplanned absence by the Town Clerk, another employee has not been trained to fulfill some of the functions of financial reporting.
- Journal entries can be made to prior periods that have not yet been closed. There is no review of journal entries to such periods.
- Some of the Town's bank accounts are not being reconciled on a monthly basis.
- The review of bank account reconciliations is not consistently being documented.
- There are infrequent instances when one employee becomes responsible for all duties surrounding the cash function.
- The Town is not currently taking complete inventory counts of its capital assets.
- The Town is not properly recording capital asset purchases or disposals.
- Vendor additions and vendor maintenance in the accounts payable system is not being reviewed.
- Sewer pond billings are not compared to the dumping logs nor are they reconciled to the general ledger.

Current Status: Several of the matters above have been resolved. A similar issue is reported as ML-2020-002



Mayor
Patrick P. St. Pierre

Aldermen
Donald J. Batiste, Sr.
Thomas D. George
Danny B. Manuel
Darlene F. Riley
Ronald J. St. Pierre

Town of Litcher

St. James Parish
P. O. Box 456
Litcher, Louisiana 70071
Telephone: (225) 869-5823
Fax: (225) 869-9628



Town Clerk
Vanessa C. Roussel

Town Attorney
Wilbur W. Reynaud

Chief of Police
Dwan B. Bowser

October 28, 2020

Postlethwaite & Netteterville, APAC
P.O. Box 1190
Donaldsonville, LA 70346

The purpose of this communication is to respond to issues included in the management letter for the audit period which ended April 30, 2020.

ML 2020-001 RedFlex Collections

Corrective Action – The Town will maintain a list of citations that have been approved for issuance to violators of speed limits established by the Town. The Town will reconcile the monthly report that is generated by RedFlex Traffic Systems, Inc. The collection log will also be reconciled monthly to the summary report and deposits posted to the Town's bank account.

ML 2020-002 Internal Controls

Corrective Action – Management will implement and establish procedures to ensure the following:

- Management will begin to compile a written policy/procedure guide for all business/financial operations
- Management intends to train other employees to fulfill the financial reporting functions in the event of their absence.
- Management will review all vender maintenance to ensure all changes are accurate.

Page 2
October 28, 2020

- Management will implement additional controls to ensure that one employee is not responsible for all duties surrounding the cash function. Additional controls will be put into place to ensure fixed asset listings are accurate.

ML 2020-003 Ad Valorem Collections

Corrective Action— the Town will improve controls to include a review of the Ad Valorem Tax allocations prepared by the Town Clerk.

If you have questions regarding this plan, please call Mayor Patrick St. Pierre or Vanessa Roussel at (225)869-5823.

Sincerely,



Patrick St. Pierre
Mayor



Vanessa C. Roussel, LMMC
Town Clerk