

TOWN OF SLAUGHTER, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019

**Town of Slaughter, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2019
With Supplemental Information Schedules**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Robert Jackson, Mayor
And Members of the Board of Aldermen
Town of Slaughter
PO Box 293
Slaughter, LA 70777

I 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 Slaughter, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 of Slaughter, as of June 30, 2019, 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, the budgetary comparison information, the schedule of the Town's proportionate share of net pension liability, and the schedule of the Town's contributions 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

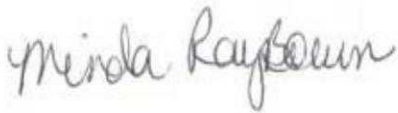
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid to board members and the schedule of compensation, benefits, and other payments to the agency head 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 the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 17, 2020 on my consideration of the Town of Slaughter's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Slaughter's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Minda Raybourn". The signature is written in a cursive, flowing style.

Minda Raybourn CPA
Franklinton, LA
February 17, 2020

Required Supplemental Information (Part I)
Management's Discussion and Analysis

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

The Town of Slaughter, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in Footnote 1 – *Summary of Significant Accounting Policies*.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements.

Financial Highlights

- As of June 30, 2019, the Town's assets exceeded its liabilities by \$2,036,985 (net position). The town reported a balance of \$174,125 in total unrestricted net assets.
- The most significant ongoing continuing revenue sources for governmental activities of the Town consisted of \$165,202 in sales taxes, \$69,120 in franchise taxes, \$35,388 in property taxes, and \$70,096 in occupational license fees. Charges for business-type activities of the utility fund were \$388,099 in gas charges and \$367,444 in water charges.
- The Town's significant expenditures in the current year for governmental activities included \$413,002 for general governmental activities, \$212,690 for police protection, \$138,968 for fire protection, and \$79,497 for street and sidewalk expenditures. Expenses for business-type activities of the gas and water departments totaled \$583,392.
- For the year ended June 30, 2019 the Town's bonds payable in long term debt was \$1,333,490 related to the Water Revenue Bonds payable. The Town paid principal payments in the amount of \$71,000.
- The Town entered into a capital lease agreement for the purchase of a pumper truck in the prior year. The amount of the lease payable is \$73,336. The Town paid principal payments in the amount of \$6,664.

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

Overview of the Annual Financial Report

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Town of Slaughter has no component units.

The Statement of Net Position presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

Governmental activities - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.

Business-type activities - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for the current year as compared to the prior year.

Town of Slaughter's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
ASSETS						
Current and other assets	\$ 550,534	\$ 325,663	\$ 1,185,095	\$ 857,046	\$ 1,735,629	\$ 1,182,709
Restricted assets	154,265	219,538	173,715	142,140	327,980	361,678
Capital assets, net	<u>1,353,589</u>	<u>1,433,075</u>	<u>1,494,339</u>	<u>1,565,794</u>	<u>2,847,928</u>	<u>2,998,869</u>
Total Assets	2,058,388	1,978,276	2,853,149	2,564,980	4,911,536	4,543,256
DEFERRED OUTFLOWS	51,744	3,455	103,995	25,805	7,759,464	7,542,125
LIABILITIES						
Current liabilities	53,544	47,317	88,608	90,687	142,152	138,004
Long-term liabilities	<u>161,176</u>	<u>92,181</u>	<u>2,688,469</u>	<u>2,354,535</u>	<u>2,849,645</u>	<u>2,446,716</u>
Total Liabilities	214,720	139,498	2,777,077	2,445,222	2,991,797	2,584,720
DEFERRED INFLOWS	<u>29,682</u>	<u>72,289</u>	<u>8,811</u>	<u>8,607</u>	<u>38,493</u>	<u>80,896</u>
NET POSITION						
Net investment in capital assets	1,287,183	1,359,739	160,849	161,305	1,448,032	1,521,044
Restricted	154,265	219,538	260,564	225,955	414,828	445,493
Unrestricted	<u>424,282</u>	<u>190,667</u>	<u>(250,157)</u>	<u>(250,304)</u>	<u>174,125</u>	<u>(59,637)</u>
Total Net Position	<u>1,865,729</u>	<u>1,769,944</u>	<u>171,256</u>	<u>136,956</u>	<u>2,036,985</u>	<u>1,906,900</u>

Approximately seventy-one percent of the Town's net position reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements, net of depreciation and the remaining debt held on those assets). These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately twenty percent of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position primarily consists of fund balances restricted by legislation, capital projects funds, grants, and other specified purposes in governmental activities and cash reserves required for customer deposits in business-type activities net of corresponding liabilities. The Town's unrestricted net position was nine percent of the Town's net position.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position, for governmental activities. The unrestricted net position for business-type activities had a deficit of \$250,157 due to the implementation of GASB 68 and 71. The Town's activities increased its

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

total net position by \$130,086, with governmental activities increasing net position by \$95,786 and business-type activities increasing net position by \$34,300.

In order to further understand what makes up the changes in net position, the table on the following page provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

CHANGE IN NET POSITION

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
REVENUES						
Charges for services	\$ 259,530	\$ 210,436	\$ 755,543	\$ 706,718	\$ 1,015,073	\$ 917,154
Grants and Contributions:				-		
Operating	20,292	284	32,858	2,120	53,150	2,404
Capital	120,000	70,000	-	35,000	120,000	105,000
General Revenues:						
Licenses and permits	70,096	52,711	-	-	70,096	52,711
Franchise fees	69,120	79,188	-	-	69,120	79,188
Taxes	200,590	199,875	-	-	200,590	199,875
Interest earned	255	261	291	248	546	509
Other revenues	19,198	56,641			19,198	56,641
Total Revenues	<u>759,082</u>	<u>669,396</u>	<u>788,692</u>	<u>744,086</u>	<u>1,547,774</u>	<u>1,413,482</u>
EXPENSES						
General government	413,002	280,499			413,002	280,499
Public safety-Police	212,690	186,015			212,690	186,015
Public safety-Fire	138,968	130,452			138,968	130,452
Streets and Sidewalks	79,497	81,131			79,497	81,131
Water	-	-	347,050	347,632	347,050	347,632
Gas	-	-	236,342	214,103	236,342	214,103
Total Expenses	<u>844,158</u>	<u>678,097</u>	<u>583,392</u>	<u>561,735</u>	<u>1,427,550</u>	<u>1,239,832</u>
Change in Net Position Before Transfers	(85,076)	(8,701)	205,300	182,351	120,224	173,650
Capital Transfers	9,862	402,924	-	-	9,862	402,924
Transfers in/(out)	171,000	249,230	(171,000)	(249,230)	-	-
Change in Net Position	95,786	643,453	34,300	(66,879)	130,086	576,574
Net Position, beginning of year - restated	<u>1,769,944</u>	<u>1,126,491</u>	<u>136,956</u>	<u>203,835</u>	<u>1,906,900</u>	<u>1,330,326</u>
Net Position, end of year	<u>\$ 1,865,730</u>	<u>\$ 1,769,944</u>	<u>\$ 171,256</u>	<u>\$ 136,956</u>	<u>\$ 2,036,986</u>	<u>\$ 1,906,900</u>

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

Governmental Activities

The Town's governmental net position increased \$95,786 as compared to the prior fiscal year net position of \$643,453. The most significant factor in this change in net position is a decrease of capital transfers in the amount of \$393,062 and increase in expenditures by \$166,061.

Charges for services increased by twenty-three percent or \$49,094. Capital grant revenues increased seventy-one percent or \$50,000. Taxes increased \$715. Franchise fees decreased thirteen percent or \$10,068. Other revenues decreased \$37,443. The reason for the decrease in other revenues is the Town received rent for a cell phone tower located on Town property for \$40,000 in the prior year.

General government expenditures increased forty-seven percent or \$132,503. This was the result of the effects of GASB 68. The police department expenditures increased fourteen percent or \$26,675. This was driven in part by the GASB 68 adjustments. The fire department expenditures increased seven percent or \$8,516. The main reason for the increase in fire expenditures is an increase in vehicle repairs in the amount of \$10,743. The expenditures in the streets and sidewalk funds decreased two percent or \$1,634.

The Town recorded a capital transfer of \$9,862 as revenue. The Town purchased a pumper truck in the prior fiscal year. The funds for the truck were received by the Slaughter Volunteer Fire Department, Inc. through a Pennington Foundation grant for \$350,000. The Parish-Wide East Feliciana Fire Protection District (Slaughter station funds) paid \$52,924 towards the cost of the truck. The Town entered into a capital lease agreement as the lessor for the remainder of the balance (\$80,000).

Business-Type Activities

Charges for water and gas sales increased \$48,825 or five percent. Expenditures for the water department decreased \$582. Expenditures for the gas department increased \$22,239 or ten percent. The cost of gas increased \$10,774.

Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may service as a useful indicator of the Town's net resources available for spending at the end of the year. At the end of the year, the Town's governmental funds reported combining ending fund balances of \$658,184. Fund balance was as follows: restricted for

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

streets and sidewalks \$58,259, assigned for police protection \$152,733, assigned for fire protection \$25,201, and unassigned \$421,991.

This represents an increase of \$153,637 for all governmental funds after prior period adjustments, from the prior year's ending fund balance. The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the General Fund was \$599,925. All funds had a positive ending fund balance.

Proprietary Funds

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

Governmental Fund Budgetary Highlights

There were no funds that had actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended June 30, 2019.

The expenditures in the general fund were under budget by 14%. The expenditures in the streets and sidewalks fund were under budget by 12%. Revenues in the general fund were under budget by 1%. Revenues in the street and sidewalks fund were over budget by 12%.

Capital Assets

The Town's capital assets for its governmental and business-type activities for June 30, 2019 amounts to \$2,847,928 (net of depreciation). The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year.

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

TOWN OF SLAUGHTER, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2019

Summary of Capital Assets
(net of depreciation)

		Governmental Activities	
		2019	2018
Land	\$	174,189	\$ 174,189
Buildings		316,097	290,948
Equipment and Vehicles		670,548	752,521
Infrastructure		192,755	215,417
Net Capital Assets		1,353,589	1,433,075
		Business-Type Activities	
		2019	2018
EXPENSES			
Construction in Progress		60,050	60,050
Water Distribution System		1,379,796	1,440,944
Gas Distribution System		33,634	35,784
Equipment and Vehicles		20,860	29,017
Net Capital Assets		1,494,340	1,565,795
Total Net Capital Assets		2,847,929	2,998,870

Significant capital additions for the year ending June 30, 2019, consisted in the governmental funds: \$36,800 for a new roof for town hall, \$5,349 for new radios, \$10,700 for a new mower, \$8,956 for a new implement for the mower, \$1,800 to install a generator, \$5,229 for a new server and \$4,325 for a trailer. The enterprise fund purchased \$19,648 for new electronic meters for the water system. Depreciation expense for governmental funds was \$152,646 and for enterprise funds was \$91,103.

Town of Slaughter, Louisiana
June 30, 2019
Management's Discussion and Analysis

Long-Term Debt

At June 30, 2019, the Town had total debt outstanding of \$1,406,826. Of this total, \$79,930 is due within one year and \$1,326,896 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year.

	Governmental Activities			Business-type Activities			Total Long-Term Obligations
	Current Portion	Long Term Portion	Total	Current Portion	Long Term Portion	Total	
Capital Leases	6,930	66,406	73,336	-	-	-	73,336
Revenue Bonds	-	-	-	73,000	1,260,490	1,333,490	1,333,490
Ending Balance	6,930	66,406	73,336	73,000	1,260,490	1,333,490	1,406,826

Other Factors Affecting the Town

The Town of Slaughter's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to borrow for long-term projects only when absolutely necessary, actively pursuing grant funds to minimize the cost of major projects. The Town is facing increasing costs and has an obligation to its citizens to maintain or increase the level of services being provided.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. If you have questions regarding this report or need additional information, contact the Town at 337 church St., Slaughter, LA 70777. The phone number for the Town is (225) 654-4278.

Basic Financial Statements

STATEMENT A

TOWN OF SLAUGHTER, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2019

<u>ASSETS</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 249,537	\$ 254,106	\$ 503,643
Investments	42,934	-	42,934
Receivables, net	72,367	39,231	111,598
Due from other funds	185,696	891,758	1,077,454
Restricted assets:			
Cash and cash equivalents	154,265	173,715	327,980
Capital assets, net of depreciation	1,353,589	1,494,339	2,847,928
Total Assets	2,058,388	2,853,149	4,911,536
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	51,744	103,995	155,739
<u>LIABILITIES</u>			
Accounts payable	24,185	14,411	38,597
Accrued liabilities	3,006	-	3,006
Accrued wages	5,688	1,196	6,884
Payroll related payables	13,735	-	13,735
Due to other funds	-	1,077,454	1,077,454
Payables from restricted assets:			-
Customer deposits	-	86,849	86,849
Lease Payable:			-
Due within one year	6,930	-	6,930
Long-term portion	66,406	-	66,406
Bonds payable:			-
Due within one year	-	73,000	73,000
Long-term portion	-	1,260,490	1,260,490
Net pension liability	94,770	263,677	358,447
Total Liabilities	214,720	2,777,077	2,991,797
<u>DEFERRED INFLOWS RESOURCES</u>	29,682	8,811	38,493
<u>NET POSITION</u>			
Net investment in capital assets	1,287,183	160,849	1,448,032
Restricted for:			
Debt Service	-	173,715	173,715
Meter Deposits		86,849	86,849
Streets and sidewalks	154,265	-	154,265
Unrestricted	424,282	(250,157)	174,125
Total Net Position	\$ 1,865,729	\$ 171,256	\$ 2,036,985

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

STATEMENT B

TOWN OF SLAUGHTER, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 413,002	\$ -	\$ 20,292	\$ 90,000	\$ (302,710)	\$ -	\$ (302,710)
Public safety: police	212,690	227,082	-	-	14,391		14,391
Public safety: fire	135,770	32,448	-	-	(103,322)		(103,322)
Streets and sidewalks	79,497	-	-	30,000	(49,497)		(49,497)
Interest on long-term debt	3,198	-	-	-	(3,198)		(3,198)
Total Governmental Activities	844,158	259,530	20,292	120,000	(444,336)	-	(444,336)
Business-type Activities							
Gas services	236,342	388,099	16,429	-	-	168,186	168,186
Water services	347,050	367,444	16,429	-	-	36,823	36,823
Total Business-type Activities	583,392	755,543	32,858	-	-	205,009	205,009
Total Primary Government	1,427,550	1,015,073	53,150	120,000	(444,336)	205,009	(239,327)

General Revenues and Transfers

Sales taxes	165,202	-	165,202
Property taxes	35,388	-	35,388
Franchise fees	69,120	-	69,120
Occupational licenses	70,096	-	70,096
Cell phone tower rent	13,050	-	13,050
Interest earned	255	291	546
Gain on sale of asset	577	-	577
Other revenues	5,572	-	5,572
Transfers in/(out) of town funds	171,000	(171,000)	-
Capital transfers in Parish-wide Fire District	9,862	-	9,862
Total General Revenues and Transfers	540,122	(170,709)	369,413
Change in Net Position	95,786	34,300	130,086
Net Position, beginning, as restated	1,769,944	136,956	1,906,900
Net Position, ending	\$ 1,865,730	\$ 171,256	\$ 2,036,986

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

TOWN OF SLAUGHTER, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</u>	<u>Street and Sidewalks</u>	Total Governmental <u>Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 249,537	\$ -	\$ 249,537
Investments	42,934	-	42,934
Receivables, net:			
Franchise fees	16,877	-	16,877
Property taxes	1,615	-	1,615
Sales taxes	16,289	12,384	28,673
Due from other governmental agencies	25,201	-	25,201
Due from other funds	291,808	26,285	318,093
Restricted assets:			
Cash and cash equivalents	-	154,265	154,265
TOTAL ASSETS	644,263	192,934	837,196
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	21,908	2,277	24,185
Accrued liabilities	3,006	-	3,006
Accrued Wages	5,688	-	5,688
Payroll liabilities	13,735	-	13,735
Due to other funds	-	132,398	132,398
Total Liabilities	44,337	134,674	179,012
Fund Balances			
Nonspendable	-	-	-
Restricted for:			
Streets and sidewalks	-	58,259	58,259
Assigned for:			
Public safety: police	152,733	-	152,733
Public safety: fire	25,201	-	25,201
Unassigned	421,991	-	421,991
Total Fund Balances	599,925	58,259	658,184
TOTAL LIABILITIES AND FUND BALANCES	\$ 644,263	\$ 192,934	\$ 837,196

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

STATEMENT D

TOWN OF SLAUGHTER, LOUISIANA
BALANCE SHEET
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balances - Total Governmental Funds	\$	658,184
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheets. This is the capital assets, nets of accumulated depreciation, reported on the Statement of Net Position.	\$	1,353,589
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Long-term liabilities of governmental activities do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. These are the long-term liabilities of the governmental activities:

Lease Payable		(73,336)
Net pension liability		(94,770)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows of resources related to pensions		51,744
Deferred inflows of resources related to pensions		(29,682)

Total Net Position of Governmental Activities	\$	1,865,729
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The accompanying notes are an integral part of the financial statements.

TOWN OF SLAUGHTER, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

<u>REVENUES</u>	<u>General</u>	<u>Streets and Sidewalks</u>	Total Governmental Funds
Fines and other costs	\$ 227,082	\$ -	\$ 227,082
Franchise fees	69,120	-	69,120
Interest	255	-	255
Intergovernmental revenues	9,862	-	9,862
Occupational licenses	70,096	-	70,096
Cell phone tower rent	13,050	-	13,050
Fire District reimbursement	32,448	-	32,448
Gain on sale of asset	577	-	577
Other revenues	5,572	-	5,572
Taxes - beer	1,431	-	1,431
Taxes - property	35,388	-	35,388
Taxes - sales	92,212	71,560	163,771
Total Revenues	557,092	71,560	628,652
<u>EXPENDITURES</u>			
General government	299,475	-	299,475
Public safety:			
Police	224,643	-	224,643
Fire	103,422	-	103,422
Streets and sidewalks	-	55,454	55,454
Debt Service:			
Lease Principal	6,664	-	6,664
Lease Interest	3,198	-	3,198
Principal	-	-	-
Interest	-	-	-
Capital outlay	10,578	62,581	73,159
Total Expenditures	647,980	118,035	766,015
Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)	(90,888)	(46,475)	(137,363)
<u>OTHER FINANCING SOURCES (USES)</u>			
Grants and other contributions	90,000	30,000	120,000
Proceeds form lease transaction	-	-	-
Operating transfers, in	171,000	-	171,000
Operating transfers, out	-	-	-
Net Other Financing Sources (Uses)	261,000	30,000	291,000
Change in Fund Balances	170,112	(16,475)	153,637
Fund Balances, beginning	429,813	74,734	504,547
Fund Balances, ending	\$ 599,925	\$ 58,259	\$ 658,184

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

TOWN OF SLAUGHTER, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	153,637
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged differed from capital outlay in the current period.

Capital outlays recoded as expenditures in governmental funds		73,159
Capital transfers in from Parish-Wide Fire District		-
Depreciation not reported in governmental funds		(152,645)

Capital lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of capital lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide statements.

This amount represents leases issued during the period.		-
This amount represents capital lease principal payments during the current period.		6,664

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which pension contributions charged differed from the actuarial cost of benefits.		(5,321)
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Non employer contributions to cost sharing pension plan		20,292
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		<hr style="border: 0.5px solid black;"/> \$ 95,786
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Change in Net Position of Governmental Activities

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

TOWN OF SLAUGHTER, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 194,089	\$ 60,017	\$ 254,106
Receivables, net	36,141	3,089	39,231
Due from other funds	-	891,758	891,758
Total Current Assets	230,230	954,865	1,185,095
Restricted Assets			
Cash and cash equivalents	173,715	-	173,715
Total Restricted Assets	173,715	-	173,715
Capital Assets			
Right of way	-	1,500	1,500
Capital assets, net	1,400,657	32,132	1,432,789
Construction in progress	60,050	-	60,050
Net Capital Assets	1,460,707	33,632	1,494,339
Total Assets	1,864,652	988,497	2,853,149
<u>DEFERRED OUTFLOWS OF RESOURCE</u>	\$ 51,998	\$ 51,998	\$ 103,995

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

TOWN OF SLAUGHTER, LOUISIANA
STATEMENT OF NET POSITION (Continue d)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current Liabilities			
Payable from current assets:			
Accounts payable	\$ 9,942	\$ 4,469	\$ 14,411
Accrued wages	598	598	1,196
Due to other funds	695,450	382,004	1,077,454
Total Current Liabilities,			
Payable from Current Assets	705,990	387,072	1,093,062
Payable from restricted assets:			
Bonds payable	73,000	-	73,000
Customer deposits	57,453	29,396	86,849
Total Current Liabilities,			
Payable from Restricted Assets	130,453	29,396	159,849
Total Current Liabilities	836,443	416,468	1,252,911
Long-term Liabilities			
Bonds payable	1,260,490	-	1,260,490
Net pension liability	131,839	131,839	263,677
Total Long Term Liabilities	1,392,328	131,839	1,524,167
Total Liabilities	2,228,771	548,306	2,777,077
<u>DEFERRED INFLOWS OF RESOURCES</u>			
	4,406	4,406	8,811
<u>NET POSITION</u>			
Net investment in capital assets	127,217	33,632	160,849
Restricted for debt service	173,715	-	173,715
Restricted for customer deposits	57,453	29,396	86,849
Unrestricted	(674,912)	424,755	(250,157)
Total Net Position	\$ (316,527)	\$ 487,783	\$ 171,256

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

STATEMENT H

TOWN OF SLAUGHTER, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEARS ENDED JUNE 30, 2019

<u>OPERATING REVENUE</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Sales	\$ 344,947	\$ 380,972	\$ 725,920
Penalties	13,903	-	13,903
Installations	8,594	7,150	15,744
Intergovernmental	16,429	16,429	32,858
Miscellaneous	-	(23)	(23)
Total Operating Revenues	383,873	404,528	788,401
<u>OPERATING EXPENSES</u>			
Natural gas purchased	-	73,680	73,680
Bad debts	6,950	-	6,950
Depreciation	88,953	2,150	91,103
Salaries	58,466	60,658	119,124
Payroll taxes	4,491	4,660	9,151
Employee benefits	65,668	65,492	131,160
Insurance	4,744	2,218	6,962
Supplies	32,883	8,145	41,028
Repair and maintenance	3,784	3,617	7,401
Auto expense	3,104	3,095	6,199
Telephone	462	422	884
Utilities	9,614	849	10,463
Contract labor	4,662	2,019	6,681
DHH Bond Fees	7,022	-	7,022
Other	7,791	9,337	17,128
Total Operating Expenses	298,594	236,342	534,936
Operating Income (Loss)	85,279	168,186	253,465
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	231	61	291
Interest expense	(48,455)	-	(48,455)
Total Non-Operating Revenues (Expenses)	(48,224)	61	(48,164)
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	37,055	168,247	205,301
Operating transfers, net	(100,000)	(71,000)	(171,000)
Change in Net Position	(62,945)	97,247	34,301
Total Net Position, beginning	(253,582)	390,536	136,954
Total Net Position, ending	\$ (316,527)	\$ 487,783	\$ 171,255

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

STATEMENT I

TOWN OF SLAUGHTER, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEARS ENDED JUNE 30, 2019

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 443,505	\$ 342,699	\$ 786,204
Paid for meter deposit fees	3,034	-	3,034
Cash paid to employees for services	(58,466)	(60,658)	(119,124)
Cash paid to suppliers for goods and services	(108,151)	(175,684)	(283,835)
Net Cash Provided by (Used for) Operating Activities	279,922	106,357	386,279
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Interfund transactions	100,523	(2,799)	97,724
Transfers from/(to) other funds	(100,000)	(71,000)	(171,000)
Net Cash Used for Non-Capital Financing Activities	523	(73,799)	(73,276)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(19,649)	-	(19,649)
Principal payments for long term debt	(71,000)	-	(71,000)
Interest payments for long term debt	(48,455)	-	(48,455)
Net Cash Provided by Capital and Related Financing Activities	(139,104)	-	(139,104)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	231	60	291
Net Cash Provided Investing Activities	231	60	291
Decrease in Cash and Cash Equivalents	141,572	32,618	174,190
Cash and Cash Equivalents, beginning	226,232	27,399	253,631
Cash and Cash Equivalents, ending	367,805	60,017	427,821
CASH PRESENTATION OF STATEMENTS OF NET ASSETS:			
Current Assets: Cash and cash equivalents	194,089	60,017	254,106
Restricted Assets: Cash and cash equivalents	173,715	-	173,715
Cash and Cash Equivalents, end of year	\$ 367,804	\$ 60,017	\$ 427,821

See Accompanying Notes and Independent Auditor's Report

TOWN OF SLAUGHTER, LOUISIANA
CHANGES IN FUND NET POSITION
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating loss	\$ 85,279	\$ 168,186	\$ 253,465
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	88,953	2,150	91,103
(Increase) decrease in assets:			
Accounts receivable	(10,470)	8,272	(2,198)
Increase (decrease) in liabilities:			
Accounts payable	(1,386)	(669)	(2,055)
Accrued wages	(1,012)	(1,012)	(2,024)
Transfer between funds	94,406	(94,406)	-
Payroll withholdings	-	-	-
Deferred Outflows-Pensions	(39,095)	(39,095)	(78,190)
Customer deposits	1,675	1,359	3,034
Deferred Inflows-Pensions	102	102	204
Net pension liability and related resources	61,470	61,470	122,940
Net Cash Provided by (Used for) Operating Activities	<u>\$ 279,922</u>	<u>\$ 106,357</u>	<u>\$ 386,279</u>

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

Notes to the Financial Statements

Town of Slaughter, Louisiana
Notes to the Financial Statement
As and for the Year End June 30, 2019

INTRODUCTION

The Town of Slaughter, Louisiana (hereafter referred to as the Town) was created under the provisions of the Lawrason Act, La. Revised Statute 33:321-463, in 1960. Therefore, it operates under a Mayor-Board of Aldermen form of government.

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government. The Mayor and five Alderpersons are elected at large every four years by the citizens of the Town. They are compensated for their services.

The Town provides police and fire protection, services to maintain or develop streets, sidewalks, drainage, and sanitation, general and administrative services, and utilities services for area residents. It currently serves approximately 672 utility customers and employs 18 persons (not including the mayor and board members).

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town is considered a primary government, since it is a local special purpose government that has a separately elected governing body. Under provisions of this statement, there are no component units of the Town.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Town has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the Town to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period,

Town of Slaughter, Louisiana
Notes to the Financial Statement
As and for the Year End June 30, 2019

respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Equity*. As required by the Governmental Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending June 30, 2012. The Town had deferred outflows and deferred inflows of resources related to pension of \$29,260 and \$80,896, respectively, at June 30, 2018.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See *Footnote I – Long-Term Obligations*.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Town of Slaughter, Louisiana
Notes to the Financial Statement
As and for the Year End June 30, 2019

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are measurable and available. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

The Town reports the following major proprietary funds:

The *Enterprise Fund* reports activity for which a fee is charged to external users for goods or services. The Enterprise Fund of the Town provides gas, water, and sewer utility services.

Additionally, the government reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. For the current fiscal year, this included one major fund.

The *Debt Service Funds* account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current fiscal year, the Town did not have debt service funds.

The *Capital Project Funds* account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition of capital facilities and other capital assets. For the current fiscal year ended, the Town did not have capital project funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) program-specific operating grants and contributions; and, 3) program-specific capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

When restricted, committed, assigned, or unassigned fund balances are available for use, the Town considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy.

D. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balances in applicable governmental funds to indicate that they are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized	Levied	Collected
	Millage	Millage	Millage
General Corporate Purposes	4.49 Mills	43,352	35,388

The Town receives 4.92% and 3.8181% of East Feliciana Parish sales tax collections for the General Fund and the Special Revenue Fund respectively. These proceeds (\$92,213 for the General Fund and \$71,560 for the Special Revenue Fund) are dedicated for the purpose of maintenance, repairs, and upkeep of the

Town of Slaughter, Louisiana
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streets and sidewalks in the Special Revenue Fund and for general operating expenditures in the General Fund.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer's meter deposits are also classified as restricted assets.

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as servicing general obligation bond debt, construction of capital assets, and police seized assets. Such assets have been restricted by bond indenture, law, or contractual obligations.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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Description	Estimated Lives
Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Office Furniture and Equipment	5 - 10 Years
Vehicles	5 - 10 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

H. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which they are paid. Employees earn vacation and sick leave at various rates depending upon length of employment. Vacation must be taken in the year earned and may not be carried over. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment.

I. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Net Position and Fund Equity

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred

Town of Slaughter, Louisiana
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inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal vote of the Board, which is the highest level of decision-making authority for the Town.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

Town of Slaughter, Louisiana
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K. Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount 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 during the reported period. Actual results could differ from those estimates.

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

Town of Slaughter, Louisiana
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4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The proposed budget for June 30, 2019 was made available for public inspection and was adopted at the Town's board meeting. The budget was amended.

The general fund and street and sidewalk fund were in compliance with the Local Government Budget Act which stipulates that revenues cannot be under budget by 5% and expenditures cannot be over budget by 5%.

3. Cash and Cash Equivalents

At June 30, 2019, the Town had the following cash and cash equivalents:

Petty cash	\$ 400
Demand Deposits	829,133
Louisiana Asset Management Pool (LAMP)	2,089
Total	<u><u>831,622</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2019, the Town has deposits (collected bank balances) at Investar Bank in the amount of \$858,250. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$608,250 of pledged securities. The \$608,250 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial risk. However, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

4. Louisiana Asset Management Pool (LAMP)

In accordance with GASB 72, the investment in the Louisiana Asset Management Pool (LAMP) at June 30, 2019, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprised of the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

LAMP is subject to the regulator oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

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LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAAm by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments, as provided by LAMP, is 43 days as of October 31, 2018.
5. Foreign currency risk: Not applicable to 2a7-like pools.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

5. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

All investments held by the Town fall into category 1 credit risk, defined as "insured or registered, or securities held by the Town or its agent in the Town's name." All investments are stated on the balance sheet (carrying value) at market value. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Town of Slaughter, Louisiana
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At June 30, 2019, the Town's investment balances were as follows:

<u>Investment</u>	<u>Bank</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>	<u>Fair Market Amount</u>
Certificate of Deposit	Investar	7/22/2019	10,000	10,000
Certificate of Deposit	Investar	10/6/2019	10,000	10,000
Certificate of Deposit	Investar	11/28/2019	10,000	10,000
Certificate of Deposit	Landmark Bank	3/12/2020	12,934	12,934
	Total		<u>42,934</u>	<u>42,934</u>

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value arising from increasing interest rates.

The government and agency bonds are the only recurring fair value measurements as of June 30, 2019. These were valued using quoted market prices (Level 1 inputs).

6. Receivables

Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Utility accounts receivable comprise the majority of proprietary fund receivables.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable. The Town has a franchise tax receivable, which it does not expect to receive within one year, therefore an allowance has been placed on the entire amount as shown below.

Town of Slaughter, Louisiana
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<u>Class</u>	<u>General Fund</u>	<u>Special Revenue</u> <u>Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 50,852	\$ 50,852
Due from Other Governments	25,201	-	-	25,201
Taxes:				
Franchise	16,877	-	-	16,877
Property	1,615	-	-	1,615
Sales	16,289	12,384		28,673
Sub-total	34,781	12,384	-	47,165
Less: Allowance for doubtful accounts	-	-	(11,621)	(11,621)
Net	59,982	12,384	39,231	111,597

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances for fund financial statements on June 30, 2019:

Town of Slaughter, Louisiana
Notes to the Financial Statement
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	<u>Receivable</u>	<u>Payable</u>
General Fund		
Streets and Sidewalks	\$ 132,398	\$ -
Gas	145,843	-
Water	13,568	-
 Special Revenue Funds		
Streets and Sidewalks		
General Fund	-	132,398
Gas	14,969	-
Water	11,316	-
 Gas		
Streets and Sidewalks	-	14,969
General Fund	-	145,843
Water	891,758	-
 Water		
Streets and Sidewalks	-	11,316
General Fund	-	13,568
Gas	-	891,758
 Total	<u><u>\$ 1,209,852</u></u>	<u><u>\$ 1,209,852</u></u>

8. Restricted Assets

The following is a listing of the restricted assets for the fund financial statements on June 30, 2019:

	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Sales Tax Account	\$ 154,265	\$ -	\$ 154,265
Revenue bond sinking fund		23,910	23,909.8
Revenue bond reserve fund		73,806	73,806.4
Depreciation and contingency fund		75,999	75,998.8
Total restricted assets	<u><u>\$ 154,265</u></u>	<u><u>\$ 173,715</u></u>	<u><u>\$ 327,980</u></u>

9. Capital Assets

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended June 30, 2019:

Town of Slaughter, Louisiana
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	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 174,189	\$ -	\$ -	\$ 174,189
Capital Assets, being depreciated				
Buildings and improvements	468,585	36,800		505,385
Less: accumulated depreciation	177,637	11,651	-	189,288
Net Building and Improvements	290,948	25,149	-	316,097
Infrastructure	452,848	-		452,848
Less: accumulated depreciation	237,429	22,663		260,092
Net Sidewalks/Drainage	215,419	(22,663)	-	192,756
Equipment and Vehicles	1,994,746	36,360		2,031,106
Less: accumulated depreciation	1,242,225	118,332		1,360,557
Net Equipment	752,521	(81,972)	-	670,549
Total Capital Assets, being depreciated, net	1,258,888	(79,486)	-	1,179,402
				-
Capital Assets, net	1,433,077	(79,486)	-	1,353,591

Depreciation was charged as governmental functions as follows:

General government	66,944
Police	29,311
Fire	32,348
Streets and Sidewalks	24,043
Total	<u>\$ 152,646</u>

Significant capital additions for the year ending June 30, 2019, consisted in the governmental funds: \$36,800 for a new roof for town hall, \$5,349 for new radios, \$10,700 for a new mower, \$8,956 for a new implement for the mower, \$1,800 to install a generator, \$5,229 for a new server and \$4,325 for a trailer. Depreciation charged to the governmental funds totaled \$152,646.

Capital assets and depreciation activity as of and for the year ended October 31, 2019 for business-type activities is as follows:

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Business Activities				-
Capital Assets, not being depreciated				-
Construction in Progress	\$	60,050		60,050
				-
Capital Assets, being depreciated				-
				-
Vehicles	\$	92,924		92,924
Less: accumulated depreciation		63,907	8,157	72,064
Net Vehicles		29,017	(8,157)	-
				20,860
Gas system		84,507		84,507
Less: accumulated depreciation		48,723	2,150	50,873
Net Gas system		35,784	(2,150)	-
				33,634
Water system		2,697,660	19,648	2,717,308
Less: accumulated depreciation		1,256,716	80,796	1,337,512
Net Water system		1,440,944	(61,148)	-
				1,379,796
Total Capital Assets, being depreciated, net		1,505,745	(71,455)	-
				1,434,290
				-
Capital Assets, net		1,565,795	(71,455)	-
				1,494,340

Depreciation was charged as governmental functions as follows:

Gas	\$	2,150
Water		88,953
Total	\$	91,103

The enterprise fund purchased \$19,648 for new electronic meters for the water system. Depreciation expense charged to the enterprise fund totaled \$91,103.

10. Accounts, Salaries, and Other Payables

The payables at June 30, 2019 are as follows:

Town of Slaughter, Louisiana
Notes to the Financial Statement
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	General Fund	Speical Revenue Fund	Water	Gas	Total
Accounts	\$ 21,908	\$ 2,277	\$ 9,942	\$ 4,469	\$ 38,596
Accrued Insurance	3,006	-	-	-	3,006
Accrued Wages	5,688	-	598	598	6,884
Payroll liabilities	13,735	-	-	-	13,735
Customer deposits	-	-	57,453	29,396	86,849
Total	<u>\$ 44,337</u>	<u>\$ 2,277</u>	<u>\$ 67,993</u>	<u>\$ 34,463</u>	<u>\$ 149,070</u>

11. Short Term Obligations

The Town had no short-term debt outstanding at June 30, 2019, other than the current portions of revenue bonds payables and capital leases described in Note 14 *Long-Term Obligations*.

12. Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2019, the Town had the following capital leases:

	<u>End of Year</u>	<u>Due Within One Year</u>
The Town entered into a lease purchase agreement to purchase a custom pumper truck for a total lease amount of \$80,000. The lease is payable in 10 yearly payments of \$9,862.29. The truck is being depreciated over its estimated useful life. This portion of the lease is recored within the governmental funds as a capital lease in the General fund.	\$ 73,336	\$ 6,930
	<u>\$ 73,336</u>	<u>\$ 6,930</u>

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

Town of Slaughter, Louisiana
Notes to the Financial Statement
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	Governmental Activities		Business-type Activities		Total Long-Term Obligations
	Capital	Revenue	Capital	Revenue	
	Leases	Bonds	Leases	Bonds	
Beginning Balance	80,000	-	-	1,404,490	1,484,490
Additons	-	-	-	-	-
Retirements	(6,664)	-	-	(71,000)	(77,664)
Ending Balance	73,336	-	-	1,333,490	1,406,826

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Governmental Activities			Business-type Activities			Total
	Current	Long Term		Current	Long Term		Long-Term
	Portion	Portion	Total	Portion	Portion	Total	Obligations
Capital Leases	6,930	66,406	73,336	-	-	-	73,336
Revenue Bonds	-	-	-	73,000	1,260,490	1,333,490	1,333,490
Net Pension Liability	-	94,770	94,770	-	263,677	263,677	358,447
Ending Balance	6,930	161,176	168,106	73,000	1,524,167	1,597,167	1,765,273

Bonds Payable as of June 30, 2019, are as follows:

Business Type	End of Year	Due Within One Year
\$1,355,000 Water Revenue Refunding Bonds payable, due in annual installments of \$25,000 through \$81,000 through June 1, 2036; interest rate of 3.45%; payable from water system revenues	\$ 981,490	\$ 40,000
\$640,523 Water Revenue Bonds payable; due in annul installments of \$16,000 through \$45,000 through June 1, 2028; interest rate of 3.45%; payable from water system revenues	352,000	33,000
	<u>\$ 1,333,490</u>	<u>\$ 73,000</u>

The annual requirements to amortize all debt outstanding at June 30, 2019, including interest payments are as follows:

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Water Revenue Bonds			
Year	Principal	Interest	Total
2020	73,000	46,006	119,006
2021	77,000	43,487	120,487
2022	80,000	40,830	120,830
2023	83,000	38,070	121,070
2024	87,000	35,208	122,208
2025 to 2029	447,000	128,183	575,183
2030 to 2034	341,000	61,355	402,355
2035 to 2036	145,490	7,348	152,838
Total	1,333,490	400,487	1,733,977

Capital Lease			
Year	Principal	Interest	Total
2020	6,930	2,932	9,862
2021	7,207	2,655	9,862
2022	7,495	2,367	9,862
2023	7,795	2,067	9,862
2024	8,107	1,755	9,862
2025 to 2027	35,802	3,648	39,450
Total	73,336	15,424	88,760

14. Flow of Funds: Restrictions on Use-Water Revenue Bonds

Under the terms of the General Bond Ordinances dated November 28, 2007, relative to the \$1,355,000 Water Revenue Refunding Bonds and June 30, 2008, relative to the \$640,523 Water Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the water utility system shall be deposited into a Water Revenue Fund, which are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds: Each month, no later than the 20th of the month, the Town is required to transfer 1/12 of that year's debt service from the Water Revenue Fund into the Water Revenue Bond and Interest Sinking Fund. Twice a year, on June 1 and December 1, a withdrawal will be made from the Sinking Fund, principal and/or interest coming due on said dates to the Department of Health and Hospitals (DHH). The Town did not make the sinking fund deposits monthly as required by the bond documents.

There shall also be set aside into a "Water Revenue Bond Reserve Fund" an amount equal to one-half (1/2) of the highest annual debt service in any subsequent year. The Reserve Fund should be funded by the Town through monthly installments. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Water Revenue Bond and Interest Sinking Fund and as to which there would otherwise be default. The account was fully funded at the end of June 30, 2019.

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Funds will also be set aside into a 'Water Revenue Bond Depreciation and Contingency Fund' in order to provide an available reserve for extensions, additions, improvements, renewals and replacements necessary to properly operate the Water System. Money in this fund may be used for emergency situations to get the system repaired and generating revenues as soon as possible after a casualty and for any types of ongoing capital improvements to the water system. The Contingency Fund should be funded by the Town through monthly installments equal to 5% of the previous month's net water revenues, until it contains \$75,000. The account was fully funded at the end of June 30, 2019.

The General Bond Ordinance also contains a rate covenant by which the Town has agreed to maintain its water rates at a level that will always provide net revenues of the system equal to at least 120% of annual debt service on the bonds. The Town met the required net revenue requirement.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

15. Retirement Systems

Employees of the Town are members of the Municipal Employees Retirement System of Louisiana. The Town was a participant of the Municipal Police Employees Retirement System of Louisiana. However, the Town no longer contributes to the police retirement system. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans' net pension liability and report the following disclosures:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death-40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan A Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least 12 months before death-40% at age 60 or minimum of 20% immediately (actuarially calculated)

The monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

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

1. Surviving spouse who is married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on

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the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

DROP Benefits:

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

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

Disability Benefits:

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

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 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.

Deferred Benefits:

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

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The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810 or at www.mersla.com.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Town of Slaughter is required to contribute at an actuarially determined rate. The current rate is 26.00% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2019. During the year ending June 30, 2019, the Town recognized revenue as a result of support received from non-employer contributing entities of \$53,149 for its participation in MERS-Plan A.

The Town's contributions to the System under Plan A for the years ending June 30, 2019 and 2018 were \$41,132, and \$17,415, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the Town reported a liability of \$358,447 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2019, the Town's proportion was 0.085780%, which was a decrease of 0.038540% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized pension expense for the MERS System of \$165,637 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual results	\$ 35,511	\$ (8,745)
Changes of assumptions	9,058	-
Changes in proportion	111,131	(1,617)
Difference in actual and projected earnings	-	-
Employer contributions after measurement date	-	-
Total	<u>\$ 155,700</u>	<u>\$ (10,362)</u>

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The Town reported a total of \$155,700 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 June 30, 2020.

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>	
2020	\$ 68,229
2021	58,109
2022	4,540
2023	2,984
	\$ 133,862

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

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	3 years
Investment Rate of Return	7.0%, net of pension plan investment expense, including Inflation.
Inflation Rate	2.5%
Salary increases, including Inflation and merit increases:	
-1 to 4 years of service	6.4%-Plan A and 7.4% Plan B
-More than 4 years of Service	4.5%-Plan A and 4.9% Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set to equal to 120% For males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Healthy Retiree Table set to equal to 120% For males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubG-2010(B) Healthy Retiree Table set to equal to 120% For males and females, with the full generational MP2018 scales.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	6.40%
Totals	100%	10.06%
Inflation		2.70%
Expected Arithmetic Nominal Rate		7.00%

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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 effects of certain other changes in the net pension liability are required to be included in pension expense over the current future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are proved with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earning on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2019 is 3 years for Plan A and B.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.0%, as well as what the employers' net pension liability would be if it were calculated

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using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2018:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.000%	7.000%	8.000%
Town of Slaughter Share of NPL	\$ 467,349	\$ 358,446	\$ 266,371

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

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

Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early

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

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

Cost of Living Adjustments:

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

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

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36

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months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411 or at www.lampers.org.

Funding Policy. According to state statute, the Town is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2019, total contributions due for employers and employees were 42.25%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 32.25% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 34.75% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2019. The Town had no non-employer contributions for the year.

The Town contributed no funds to the System for the years ending October 31, 2019 and 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the Town reported no liability for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2019, the Town's proportion was 0.000000%, which was a decrease of 0.000000% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized pension expense for the MPERS System of (\$43,006) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

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	Deferred Outflows	Deferred Inflows
Difference between expected and actual results	\$ -	\$ -
Changes of assumptions	-	-
Changes in proportion	-	(28,132)
Difference in actual and projected earnings	-	-
Employer contributions after measurement date	-	-
Total	<u>\$ -</u>	<u>\$ (28,132)</u>

The Town reported a total of \$0 deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019.

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>	
2020	\$ (25,871)
2021	(2,261)
2022	-
2023	-
	<u>\$ (28,132)</u>

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

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Investment Rate of Return 7.125%, net of investment expense

Expected Remaining Service Lives 4 years

Inflation Rate 2.50%

Salary increases, including inflation & merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

Mortality 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.

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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.

Cost of Living Adjustments

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.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.58%
Fixed Income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	100.00%	5.14%
Inflation		2.75%
Expected Arithmetic Nominal Rate		7.89%

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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

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of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.125%, as well as what the employers' net pension liability 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 as of June 30, 2019:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.125%	7.125%	8.125%
Town of Slaughter Share of NPL	\$ -	\$ -	\$ -

16. Interfund Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Streets and Sidewalks	\$ -	\$ -
Water	-	100,000
Gas	-	71,000
Special Revenue Funds		
Streets and Sidewalks		
General Fund	-	-
Water	-	-
Gas	-	-
Enterprise Fund		
Streets and Sidewalks	-	-
General Fund	171,000	-
Water	-	-
Gas	-	-
Total	<u>\$ 171,000</u>	<u>\$ 171,000</u>

Town of Slaughter, Louisiana
Notes to the Financial Statement
As and for the Year End June 30, 2019

17. Purchase of Pumper Truck

On August 18, 2017, the Town of Slaughter entered into a lease purchase agreement for the acquisition of a 2017 custom pumper truck. The total purchase price was \$481,984. The acquisition was handled in three transactions:

- 1) The Slaughter Volunteer Fire Department, Inc., a 501(c)4 organization, received a Pennington Foundation grant for \$350,000. These funds were used to acquire the truck.
- 2) The Slaughter station under the Parish-Wide East Feliciana Fire District umbrella paid \$52,923.90 towards the truck.
- 3) The remainder of \$80,000 owed was financed through a lease purchase agreement with the Town of Slaughter named as the lessee. The lease terms are yearly payments of \$9,862.29 commencing on August 18, 2018 and ending on August 18, 2027.

The lease will be paid with the Slaughter station Parish-Wide East Feliciana Fire District account each year as the payments are due. A copy of the title was obtained. The purchaser is labeled as the Town of Slaughter and the lienholder is Patterson State Bank. The Town has recorded the asset and related capital payable on the financial statements. As the payments are made with District funds, the Town will reduce the liability and record the payment as revenue. During the fiscal year of June 30, 2019, principal payments of \$6,664 and interest payments of \$3,198 were paid. The Town recognized \$9,862 in capital transfers from the Parish-wide Fire District.

17. Fund Balances and Net Position

The General Fund has assigned fund balance for police protection in the amount of \$152,733 and for fire protection in the amount of \$25,201. The Restricted fund balance is \$58,259. This is restricted due to legislation for sales taxes for streets and sidewalks. The unassigned fund balance in the governmental funds is \$421,991. The Enterprise Fund had restricted net position for customer deposits in the amount of \$86,849 and for debt service accounts as required by bond covenants in the amount of \$173,715. The Enterprise Fund has net position that is investment in capital assets net of related debt in the amount of \$160,849. The Enterprise Fund has unrestricted net position of (\$250,157).

Town of Slaughter, Louisiana
Notes to the Financial Statement
As and for the Year End June 30, 2019

18. Prior Period Adjustments

The following discloses the restatement of governmental fund balance, governmental net position, and enterprise fund net position at the beginning of the fiscal year:

	General Fund
	<u>429,093</u>
Beginning Fund Balance Before Prior Period Adjustments	
	<u>720</u>
Correction for accounts payable	
Ending Net Position After Prior Period Adjustments	<u><u>429,813</u></u>
Governmental Activities	
Beginning Net Position Before Prior Period Adjustments	1,769,224
	<u>720</u>
Correction for accounts payable	
Beginning Net Postion-Revised	<u><u>1,769,944</u></u>

Town of Slaughter, Louisiana
Notes to the Financial Statement
As and for the Year End June 30, 2019

19. Subsequent Events

Management has evaluated subsequent events through February 17, 2020, the date on which the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2019.

Required Supplemental Information (Part II)

TOWN OF SLAUGHTER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019

	General Fund			Variance
	Budgeted Amounts		Actual Amounts	Favorable
	Original	Final	GAAP Basis	(Unfavorable)
<u>REVENUES</u>				
Fines and other court costs	\$ 185,900	\$ 250,900	\$ 227,082	\$ (23,818)
Franchise fees	64,000	64,000	69,120	5,120
Interest earned			255	255
Intergovernmental			9,862	9,862
Licenses and permits	52,500	52,500	70,096	17,596
Other	7,200	7,200	6,148	(1,052)
Cell phone tower rental	11,730	13,050	13,050	-
Fire District reimbursement	25,000	32,500	32,448	(52)
Taxes-beer	1,500	1,500	1,431	(69)
Taxes-property	35,000	39,200	35,388	(3,812)
Taxes-sales	85,000	88,000	92,212	4,212
Total Revenues	467,830	548,850	557,092	8,242
<u>EXPENDITURES</u>				
General government	257,590	291,240	299,475	(8,235)
Public safety:				-
Police	282,963	247,090	224,643	22,447
Fire	114,860	122,960	103,422	19,538
Public works			-	-
Debt service			-	-
Lease Payments			9,862	(9,862)
Capital outlay		95,000	10,578	84,422
Total Expenditures	\$ 655,413	756,290	\$ 647,980	\$ 108,310
Deficiency of Revenues over Expenditures Before				
Other Financing Sources (Uses)	\$ (187,583)	\$ (207,440)	\$ (90,888)	\$ 116,552
<u>OTHER FINANCING SOURCES (USES)</u>				
Grants and other contributions	-	90,000	90,000	-
Proceeds from lease	-	-	-	-
Operating transfers, net	185,000	185,000	171,000	(14,000)
Net Other Financing Sources (Uses)	185,000	275,000	261,000	(14,000)
Change in Fund Balances	(2,583)	67,560	170,112	102,552
Fund Balances, beginning	429,813	429,813	429,813	-
Fund Balances, ending	427,230	497,373	599,925	102,552

See Independent Auditor's Report

TOWN OF SLAUGHTER, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019

Special Revenue Fund Streets and Sidewalks				
<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Fines and other court costs	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-
Interest earned	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Other	-	-	-	-
Cell phone tower rental	-	-	-	-
Fire District reimbursement	-	-	-	-
Taxes-beer	-	-	-	-
Taxes-property	-	-	-	-
Taxes-sales	61,000	61,000	71,560	10,560
Total Revenues	61,000	61,000	71,560	-
<u>EXPENDITURES</u>				
General government	-	-	-	-
Public safety:				
Police	-	-	-	-
Fire	-	-	-	-
Public works	51,000	73,450	55,454	17,996
Debt service	-	-	-	-
Lease Payments	-	-	-	-
Capital outlay	-	60,000	62,581	(2,581)
Total Expenditures	\$ 51,000	\$ 133,450	\$ 118,035	\$ 15,415
Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)	\$ 10,000	\$ (72,450)	\$ (46,475)	\$ 15,415
<u>OTHER FINANCING SOURCES (USES)</u>				
Grants and other contributions	-	30,000	30,000	-
Proceeds from lease	-	-	-	-
Operating transfers, net	-	-	-	-
Net Other Financing Sources (Uses)	-	30,000	30,000	-
Change in Fund Balances	10,000	(42,450)	(16,475)	15,415
Fund Balances, beginning	74,734	74,734	74,734	-
Fund Balances, ending	84,734	32,284	58,259	15,415

See Independent Auditor's Report

SCHEDULE 3.1

TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - MERS A
YEARS ENDED JUNE 30, 2019

	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.040621%	0.039968%	0.038540%	0.085780%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 166,945	\$ 167,203	\$ 159,582	\$ 358,446
Employer's Covered-Employee Payroll	\$ 109,453	\$ 119,784	\$ 70,364	\$ 158,201
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	152.53%	139.59%	226.79%	226.58%
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	62.11%	62.49%	65.60%	66.14%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

SCHEDULE 3.2

TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - MPERS
YEARS ENDED JUNE 30, 2019

	2016	2017	2018	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.013555%	0.001170%	0.000000%	0.000000%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$127,049	\$10,215	\$ -	\$ -
Employer's Covered-Employee Payroll	\$1,971	\$ -	\$ -	\$ -
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	6445.46%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	66.04%	70.08%	71.89%	71.01%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See Independent Auditor's Report.

SCHEDULE 4.1

TOWN OF SLAUGHTER, LOUISIANA
Schedule of the Town's Contributions - MERS PLAN A
Last 10 Fiscal Years

Municipal Police Employees' Retirement System

	2016	2017	2018	2019
Contractually required contribution	\$ 21,617	\$ 27,191	\$ 17,415	\$ 41,132
Contributions in relation to contractually required contributions	<u>21,617</u>	<u>27,191</u>	<u>17,415</u>	<u>41,132</u>
Contribution deficiency (excess)	-	-	-	-
Employer's Covered Employee Payroll	109,453	119,784	70,364	158,201
Contributions as a % of Covered Employee Payroll	7.1900%	22.7000%	24.7500%	26.00%

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

SCHEDULE 4.2

TOWN OF SLAUGHTER, LOUISIANA
Schedule of the Town's Contributions - MPERS
Last 10 Fiscal Years

Municipal Employees' Retirement System

	2016	2017	2018	2019
Contractually required contribution	\$ 779	\$ -	\$ -	\$ -
Contributions in relation to contractually required contributions	<u>779</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	-	-	-	-
Employer's Covered Employee Payroll	1,971	-	-	-
Contributions as a % of Covered Employee Payroll	39.5000%	0.000%	0.00%	0.00%

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

See Independent Auditor's Report.

Other Supplemental Information

SCHEDULE 5

TOWN OF SLAUGHTER, LOUISIANA
BUDGETARY COMPARISON SCHEUDLE
CHANGES IN FUND NET POSITION
WATER UTILITY SYSTEM
YEARS ENDED JUNE 30, 2019

<u>OPERATING REVENUES</u>	<u>Budget</u>	<u>Actual Amounts</u>	
		<u>GAAP Basis</u>	<u>Variance</u>
Sales	\$ 340,000	\$ 344,947	\$ (4,947)
Penalties	12,000	13,903	(1,903)
Installations	9,000	8,594	406
Intergovernmental	-	16,429	(16,429)
Grant funds	27,000	-	27,000
Total Operating Revenues	388,000	383,873	4,127
<u>OPERATING EXPENSES</u>			
Bad debts	500	6,950	(6,450)
Depreciation	-	88,953	(88,953)
Salaries	60,800	58,466	2,334
Payroll taxes	4,651	4,491	160
Employee benefits	31,500	65,668	(34,168)
Grant expenditures	20,000	-	20,000
Insurance	5,900	4,744	1,156
Supplies	41,717	32,883	8,834
Repairs and maintenance	3,000	3,784	(784)
Auto expense	3,500	3,104	396
Telephone	2,000	462	1,538
Utilities	14,500	9,614	4,886
Contract labor	5,000	4,662	338
DHH Bond Fees	7,362	7,022	340
Other	16,750	7,791	8,959
Total Operating Expenses	217,180	298,594	(81,414)
Operating Income (Loss)	170,820	85,279	85,541
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	130	231	(101)
Interest expense	(50,250)	(48,455)	(1,795)
Total Non-Operating Revenues (Expenses)	(50,120)	(48,224)	(1,896)
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	120,700	37,055	83,645
Operating transfers, net	(100,000)	(100,000)	-
Change in Net Position	20,700	(62,945)	83,645
Total Net Position, beginning	(253,582)	(253,582)	-
Total Net Position, ending	\$ (232,882)	\$ (316,527)	\$ 83,645

See independent auditor's report.

SCHEDULE 6

TOWN OF SLAUGHTER, LOUISIANA
BUDGETARY COMPARISON SCHEUDLE
CHANGES IN FUND NET POSITION
GAS UTILITY SYSTEM
YEARS ENDED JUNE 30, 2019

		<u>Actual Amounts</u>	
	<u>Budget</u>	<u>GAAP Basis</u>	<u>Variance</u>
<u>OPERATING REVENUES</u>			
Sales	\$ 365,000	\$ 380,972	\$ (15,972)
Penalties	-	-	-
Installations	7,000	7,150	(150)
Intergovernmental	-	16,429	(16,429)
Miscellaneous	-	(23)	23
Total Operating Revenues	372,000	404,528	(32,528)
<u>OPERATING EXPENSES</u>			
Bad debts	500	-	500
Natural Gas	69,000	73,680	(4,680)
Depreciation	-	2,150	(2,150)
Salaries	60,800	60,658	142
Payroll taxes	4,600	4,660	(60)
Employee benefits	31,500	65,492	(33,992)
Insurance	4,000	2,218	1,782
Supplies	13,000	8,145	4,855
Repairs and maintenance	2,000	3,617	(1,617)
Auto expense	3,500	3,095	405
Telephone	2,000	422	1,578
Utilities	3,000	849	2,151
Contract labor	1,500	2,019	(519)
Other	21,620	9,337	12,283
Total Operating Expenses	217,020	236,342	(19,322)
Operating Income (Loss)	154,980	168,186	(13,206)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	30	61	(31)
Interest expense	-	-	-
Total Non-Operating Revenues (Expenses)	30	61	(31)
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	155,010	168,247	(13,237)
Operating transfers, net	(85,000)	(71,000)	(14,000)
Change in Net Position	70,010	97,247	(27,237)
Total Net Position, beginning	390,536	390,536	-
Total Net Position, ending	\$ 460,546	\$ 487,783	\$ (27,237)

See independent auditor's report.

TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED JUNE 30, 2019

This schedule of compensation paid to governing members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Mayor

Robert Jackson	\$ 7,800
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Board Members

Flavia Aaron	\$ 2,040
Shelia Fletcher	1,870
Roy Elliot Corcoran Jr	2,040
Keith Day	2,040
Janis Landry	2,040

Total Paid	\$ 10,030
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See Independent Auditor's Report

TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF COMPENSATION , BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED JUNE 30, 2019

Agency Head

Robert Jackson

Mayor

Purpose**Amount**

Salary

\$ 7,800

FICA

597

Reimbursements

-

Total Compensation, Benefits and Other Payments

\$ 8,397

See Independent Auditor's Report

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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Fax (985) 839-4402
wrcpa@huntbrothers.com

Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S 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*

The Honorable Robert Jackson, Mayor
And Members of the Board of Aldermen
PO Box 293
Slaughter, LA

I 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 Slaughter, State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Slaughter's basic financial statements and have issued our report thereon dated February 17, 2020.

Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, I did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 to be material weaknesses.

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. I consider the deficiencies described in the accompany schedule of findings and responses as item 2019-003 to be a significant deficiency.

Compliance and Other Matters

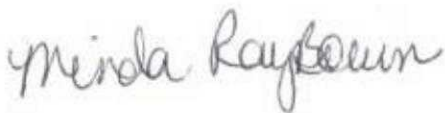
As part of obtaining reasonable assurance about whether the Town of Slaughter's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-004, 2019-005, and 2019-006.

Town of Slaughter's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Minda Raybourn CPA

Franklinton, LA

February 17, 2020

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

Summary of Auditor's Report

Financial Statements

A. Type of auditor's report issued		Unmodified
B. Internal Control over Financial Reporting		
Internal Control	Significant Deficiencies?	Yes
	Material Weaknesses?	Yes
Noncompliance	Material to Financial Statements?	Yes

Federal and Questioned Costs Related to Major Federal Award Programs

Not applicable.

Other Matters

A management letter was not issued.

TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

INTERNAL CONTROL FINDINGS

Finding 2019-001 Controls over Disbursements (Material Weakness) (Repeat Finding)

CONDITION: On November 5, 2018, the Town paid \$36,800 to replace the roof of town hall. The disbursement did not have approval noted on the invoice. There were no bids or quotes obtained or a contract on file. No request for proposal were done. The expenditure was not noted in the Town minutes as being approved.

CRITERIA (Required for financial audits performed under Government Auditing Standards): Adequately designed and operating internal controls over financial reporting provides for adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements. Adequately designed controls dictate that management will administer request for proposals and obtain bids or quotes as mandated by state public bid law (R.S. 38:2211, et seq.),

CAUSE OF CONDITION: The Town went through two municipal clerks within one year. The Town was not knowledge about the public bid law.

POTENTIAL EFFECT OF CONDITION: Without adequate approval to support disbursements, there is no proof that the expenditure was properly initiated, approved for payment, and reviewed for adequacy. Failure to follow procedures such as the request of proposal process and obtaining bids or quotes on a project shows a lack of control over the Town's financial resources.

RECOMMENDATION: Management needs to obtain an understanding of the public bid law and the procedures to follow when projects and asset acquisitions are under or over the bid threshold. Management needs to implement policies and procedures over purchasing and disbursements such as obtaining proper approvals, obtaining quotes or bids, and implementing purchase order policies. The town has policies and procedures for disbursements. However, the Town needs to ensure all expenditures have adequate supporting documentation and approval.

CLIENT RESPONSE: We agree with the auditor's recommendation.

Finding 2019-002 Utility Receivables and Revenues (Material Finding) (Repeat Finding)

CONDITION: The general ledger is not balanced with the utility billing system reports until the end of the years. Payments are coded as revenues instead of being coded to accounts receivable.

CRITERIA: The general ledger must be balance each month with the utility billing system. Charges, payments, adjustments, write offs, and deposits must be recorded each month and reconciled using utility billing reports. The balance per the general ledger should match the utility billing system accounts receivable. Reconciling differences should be researched and documented.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

CAUSE OF CONDITION: The general ledger and utility billing system are not being reconciled monthly.

POTENTIAL EFFECT OF CONDITION: The financial statements will be misstated. Large audit adjustments will have to be recorded at the end of the year.

RECOMMENDATION: The Town needs to use the billing system reports to balance the amounts in the general ledger. Management should run the accounts receivable summary which reports billings, payments, adjustments, write offs, deposits applied, and other revenues to record transactions.

CLIENT RESPONSE: We agree with the auditor's recommendation.

Finding 2019-003 Late Payment of Federal Payroll Taxes (Significant Deficiency)

CONDITION: The federal payroll tax payments were late for the months of October, November, and December 2018.

CRITERIA (Required for financial audits performed under Government Auditing Standards): Publication 15 (Employer's Tax Guide) issued by the Internal Revenue Service, the Town is a semi-monthly depositor.

CAUSE OF CONDITION: The Town was not familiar with the due dates of the federal payroll tax payments.

POTENTIAL EFFECT OF CONDITION: The Town was not in compliance with the payroll tax due dates as mandated by federal law.

RECOMMENDATION: The Town needs to implement procedures to ensure all payroll tax forms and required payments are filed by the legal due dates. I recommend all tax payments be paid one day after the payroll ending date.

RESPONSE: Management agrees with the auditor's recommendation.

COMPLIANCE FINDINGS

Finding 2019-004 Late Payment to Municipal Employees' Retirement System (repeat finding)

CONDITION: Payments to the Municipal Employees' Retirement System were late for months of September 2018 through April 2019 and June 2019.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

CRITERIA: Per R.S. 11:1733, monthly contributions to the Municipal Employees' Retirement System of Louisiana (MERS) are due by the 10th of the following month. If a municipality participates in MERS, all fulltime employees must participate.

CAUSE OF CONDITION: The Town went through two municipal clerks during the fiscal year. During the hiring of the new clerk, she was not familiar with the requirements of submitting reports and payments.

POTENTIAL EFFECT OF CONDITION: The Town could be responsible for the payment of interest and penalties to MERS due to the late submittals.

RECOMMENDATION: The Town needs to implement procedures to ensure the timely submission of the MERS contribution reports and payments.

RESPONSE: We agree with the auditor's recommendation.

Finding 2019-005 Noncompliance with Sinking Fund Requirements (Repeat Finding)

CONDITION: The Town did not make the required deposits monthly. The Town made two payments in May 2019 and June 2019.

CRITERIA: Per the bond covenants, every month, no later than the 20th of the month, the Town is required to transfer 1/12 of that year's debt service from the Water Revenue Fund in to the Sinking Fund (Section 5.01(b) of the bond ordinance). In 2019, the required deposits each month from July 2018 through May 2019 were \$10,539.78 and for June 2019, \$10,472.74.

CAUSE OF CONDITION: The Town did not monitor the timing and requirements of the sinking fund deposits.

POTENTIAL EFFECT OF CONDITION: Violation of bond covenants.

RECOMMENDATION: The Town needs to implement procedures to fund the account each month.

RESPONSE: We agree with the auditor's recommendation.

Finding 2019-006 Late Submittal of Audit Report (Repeat Finding)

CONDITION: The report was submitted in March 2020.

CRITERIA: Per Louisiana state audit law, annual financial reports are due not later than six months after the close of the fiscal year.

TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

CAUSE OF CONDITION: The Town had one municipal clerk that died and one that quit. This caused the Town's accounting to become backlogged.

POTENTIAL EFFECT OF CONDITION: The Town was not in compliance with the state audit deadline.

RECOMMENDATION: The Town needs to ensure its accounting is ready for the audit two months after the close of the fiscal year.

RESPONSE: We agree with the auditor's recommendation.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT FINDINGS

Finding 2018-001 Controls over Police Bank Accounts (Material Weakness)

CONDITION: The Town has 3 accounts for the police department in which the activity was not recorded on the general ledger until the end of the year. The accounts include a grant account, narcotics, and an operating account. The activity was not reconciled and recorded each month on the Town's general ledger.

CRITERIA: Adequate controls over cash accounts provide that cash accounts are reconciled monthly so that cash balances on the general ledger are accurate. In addition, receipts and disbursements are recorded and reconciled to the general ledger daily. Documentation supporting receipts and disbursements is reviewed by proper personnel.

CAUSE OF CONDITION: The condition was caused by the lack of internal controls over the reconciling of bank accounts and recording of the deposits and disbursements in the Town's general ledger.

POTENTIAL EFFECT OF CONDITION: Improperly reconciling the bank accounts in the Town's general ledger will cause the cash accounts to be misstated. Failure to include receipts and disbursements in the accounting system will cause revenues and expenditures to be misstated.

RECOMMENDATION: Each month for these 3 accounts, the Town should receive the bank statements and reconcile them. Each receipt and disbursement should be recorded in the Town's general ledger each month so that cash balances, revenues, and expenditures are stated corrected.

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

Finding 2018-0002 Controls over Disbursements (Material Weakness)

CONDITION: Audit procedures on disbursements revealed the following:

- A reimbursement to an employee was not supported by documentation.
- Three disbursements did not have documentation to support the purpose of the expense.
- A check to pay the Home Depot credit card had several charges with sales tax included. The statement included a previous balance of \$4,776 that was not supported by any invoices or a previous statement that would have included itemized details of the charges.

None of the disbursements did not approval documented on the invoices. Purchase orders when required for use were used sporadically on the sample tested. Sales taxes were charged on some purchases. The payables files were not organized and where in several boxes. Purchase orders were not attached to the disbursements and were in separate files.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

CRITERIA: Adequately designed and operating internal controls over financial reporting provides for adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements.

CAUSE OF CONDITION: The Town had two municipal clerks within one year. In addition, the town remodeled the town hall. Files were scattered and put in separate boxes in different rooms.

POTENTIAL EFFECT OF CONDITION: Without adequate documentation to support disbursements, there is no proof that the expenditure was properly initiated, approved for payment, or reviewed for adequacy. Without adequate documentation to support disbursements, there is no proof that the disbursements were distributed to the appropriate vendors. Lack of adequate documentation demonstrates the inadequacy of the Town's internal control over disbursements. Lack of proper documentation over disbursement exposes the Town to possible fraud and misappropriation of assets.

RECOMMENDATION: As soon as possible, the Town should put policies and procedures in place to organize the expenditure and payable files to ensure that the audit at the end of the year is smooth. The Town should put in place purchasing policies on how purchases are initiated and the preparation and approval processes for purchase orders. The Town has disbursement policies but should ensure personnel follow them including ensuring invoices support the disbursements and the proper approvals that are required are obtained. Credit card statements should have the original receipts attached and have proper authorization for use and payment. The Town should send updated sales tax exemption forms to its approved vendors so that sales taxes will not be improperly charged.

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

Finding 2018-003 Town Hall Remodel Project (Material Weakness)

CONDITION: During 2018, the Town remodeled the municipal hall. Audit procedures revealed that the total project cost was \$80,871.

Audit procedures revealed that of these costs, \$17,300 were not supported by invoices or purchase orders. After informing the mayor of this, the Town clerks did a second search for the documentation. Some of the support was found. A total of \$9,250 in costs still could not be supported by adequate documentation.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
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Some of these expenditures only had a check stub as support. Management approval of these construction expenditures was not noted on any documentation. Purchase orders were not attached to any of the expenditures.

Furthermore, the Town attempted to secure bids for the project. Inquires with the mayor revealed that due to the major flooding that occurred in 2016, it was nearly impossible to secure quotes or bids due to contractors not being available in 2018 as they were working to rebuild areas that had flooded. The Town hired contractors by the hour and no contracts or agreements were signed between the Town and the contractors. Quotes and bids were not given by the contractors hired.

CRITERIA: Adequately designed and operating internal controls over financial reporting provides for adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements.

Adequately designed controls dictate that management will administer request for proposals and obtain three bids on public works projects that are under the threshold in the state public bid law (R.S. 38:2211, et seq.),

CAUSE OF CONDITION: The Town has inadequate controls relating to the remodel project. The turnover with two municipal clerks caused the disorganization of the expenditure files. The Town failed to follow procedures that would ordinarily occur in a project that is under the public bid threshold.

POTENTIAL EFFECT OF CONDITION: It is possible without supporting documentation on the construction costs that misappropriations of Town assets could occur. Failure to follow procedures such as the request of proposal process and obtaining bids on the construction project shows a lack of control over the Town's financial resources.

RECOMMENDATION: Management should obtain an understanding of the public bid law and the procedures to follow when projects and asset acquisitions are under the bid threshold. Management should to implement policies and procedures over purchasing and disbursements such as obtaining proper approvals, obtaining quotes or bids, and implementing purchase order policies. The town has policies and procedures for disbursements. However, the Town should ensure all expenditures have adequate supporting documentation and approvals.

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

Finding 2018-004 Noncompliance with Sinking Fund Requirements (Noncompliance)

CONDITION: The Town did not make the required deposits monthly. The Town made one payment in December 2017 and payments in May 2018 totaling \$55,000.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

CRITERIA: Per the bond covenants, every month, no later than the 20th of the month, the Town is required to transfer 1/12 of that year's debt service from the Water Revenue Fund in to the Sinking Fund (Section 5.01(b) of the bond ordinance). In 2018, the required deposits each month from June 2017 through May 2018 were \$10,514 and for June 2018, \$10,539.78.

CAUSE OF CONDITION: The Town did not monitor the timing and requirements of the sinking fund deposits.

POTENTIAL EFFECT OF CONDITION: Violation of bond covenants.

RECOMMENDATION: The Town should implement procedures to fund the account each month.

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Not resolved.

Finding 2018-005 Purchase of Fire Truck (Material Weakness)

CONDITION: On August 18, 2017, the Town of Slaughter entered into a lease purchase agreement for the acquisition of a 2017 custom pumper truck. The total purchase price was \$481,984. The acquisition was handled in three transactions:

- 1) The Slaughter Volunteer Fire Department, Inc., a 501(c)4 organization, received a Pennington Foundation grant for \$350,000. These funds were used to acquire the truck.
- 2) The Slaughter station under the District umbrella paid \$52,923.90 towards the truck.
- 3) The remainder of \$80,000 owed was financed through a lease purchase agreement with the Town of Slaughter named as the lessee. The lease terms are yearly payments of \$9,862.29 commencing on August 18, 2018 and ending on August 18, 2027.

Inquires with management revealed that the lease will be paid with the Slaughter station District account each year as the payments are due. A copy of the title was obtained. The purchaser is labeled as the Town of Slaughter and the lienholder is Patterson State Bank.

I reviewed the Town minutes. This transaction was not noted in the minutes. There appears to be no written corporate endeavor agreement or contract of any kind between the three parties as to how the acquisition would be paid, who will pay the lease, who is responsible for the insurance, who is responsible for the daily operations and maintenance of the truck, and who will actually receive title once the lease purchase is paid in full. If the truck is in the name of the Town and the capital lease is in the name of the Town, there is the legal question of whether this should have gone through the public bid process.

CRITERIA: For a public entity to properly expense or transfer public funds or property, 1) the expenditure or transfer must be for a public purpose in which the entity has a legal authority to

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
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purse, 2) the transaction does not appear to be gratuitous, and 3) evidence must demonstrate that the entity has a demonstrable, objective, and reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred. This three-prong test was developed by the Louisiana Attorney General and is known as the “Cabela’s test” after a decision from the Louisiana Supreme Court. When a public entity uses public funds in the ordinary course of business, the three elements are evident. Sometimes, this is not evident and in these situations, a corporate endeavor agreement can be used to clarify the transaction.

CAUSE OF CONDITION: Unknown.

POTENTIAL EFFECT OF CONDITION: In a transaction such as this, if there is no written agreement, it is not evident as to the expenditure’s public purpose. Even though the sole objective was to obtain a new pumper truck, on the surface, it is not clear as to whom paid what and why without a detailed agreement between all parties. Without an agreement, there is the question of who pays for what as for as operating expenditures and insurance on the truck. There is the question if this should have gone through a public bid process.

RECOMMENDATION: I recommend the Town obtain a corporate endeavor agreement with the Parish-wide Fire District of East Feliciana and the Slaughter Volunteer Fire Department, Inc. that details terms of the arrangement, that the District will pay for the lease, and who will pay for expenses related to the truck.

MANAGEMENT RESPONSE: We agree with the auditor’s recommendation.

STATUS: Resolved.

Finding 2018-006 Late Payments of Retirement Contributions (Noncompliance)

CONDITION: July 2017 through March 2018 retirement contribution payments were submitted past the due date of the 10th to the retirement agency. Payments for the months of April 2018 through June 2018 appear to be submitted on time.

MERS sent a letter to the Town dated 6/20/18 that two employees were still not enrolled in MERS. These two employees were not enrolled until July 2018.

MERS also requested from the Town was certification that the mayor and one employees were part time and not full time employees. The Town sent correspondence certifying their part time status.

CRITERIA: Per R.S. 11:1733, monthly contributions to the Municipal Employees’ Retirement System of Louisiana (MERS) are due by the 10th of the following month. If a municipality participates in MERS, all fulltime employees must participate.

CAUSE OF CONDITION: The Town had two municipal clerks during the fiscal year. The new clerk was not familiar with the requirements of submitting reports and payments.

**TOWN OF SLAUGHTER, LOUISIANA
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Management was also unaware that correspondence from MERS had been sent requesting certification of the employee's status and enrollment forms.

POTENTIAL EFFECT OF CONDITION: The Town paid \$214 in interest and penalties to MERS due to the late submittals.

RECOMMENDATION: The should implement procedures to ensure the timely submission of the MERS contribution reports and payments.

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Not resolved.

Finding 2018-007 Late Payments of State Withholding Taxes (Significant Deficiency)

CONDITION: Payment for the quarter ending December 31, 2017 was due January 31, 2018. It was filed on February 28, 2018. The payment was \$1,477. It was paid on the same date.

Payment for the quarter ending June 30, 2018 was due July 31, 2018. It was filed on January 22, 2019. The payment was \$2,155. It was paid on the same date as the return as filed.

CRITERIA: State withholding tax returns and payments are due quarterly.

CAUSE OF CONDITION: The clerk was not familiar with the due dates of the state withholding payroll tax returns and quarterly payments.

POTENTIAL EFFECT OF CONDITION: The Town was not in compliance with the payroll tax payment and filing due dates mandated by state law.

RECOMMENDATION: The Town should implement procedures to ensure all payroll tax forms and required payments are filed by the legal due dates.

MANAGEMENT RESPONSE: Management agrees with the auditor's recommendation.

STATUS: Resolved.

Finding 2018-008 Utility Receivables and Revenues (Material Weakness)

CONDITION: The general ledger is not balanced with the utility billing system reports until the end of the year. Payments are coded as revenues instead of being coded to accounts receivable.

CRITERIA: The general ledger must be balanced each month with the utility billing system. Charges, payments, adjustments, write offs, and deposits must be recorded each month and reconciled using utility billing reports. The balance per the general ledger should match the utility billing system accounts receivable. Reconciling differences should be researched and documented.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

CAUSE OF CONDITION: The general ledger and utility billing system are not being reconciled monthly.

POTENTIAL EFFECT OF CONDITION: The financial statements will be misstated. Large audit adjustments will have to be recorded at the end of the year.

RECOMMENDATION: The Town needs to use the billing system reports to balance the amounts in the general ledger. Management should run the accounts receivable summary which reports billings, payments, adjustments, write offs, deposits applied, and other revenues to record transactions.

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Not resolved.

Finding 2018-009 Local Government Budget Act (Noncompliance)

CONDITION: The expenditures in the general fund were over budget by 54%. The expenditures in the special revenue fund (streets and sidewalks) were over budget by 190%.

CRITERIA: The Town must comply with certain provisions of the Local Government Budget Act set forth in state law, LSA R.S. 39:1301-1314. The Act contains various budget requirements for the General Fund and special revenue funds regarding public notification and disclosure, and requires budget to be amended when:

- 1) Total revenues, or other sources plus projected revenue and other sources for the remainder of the year are failing to meet total budgeted revenues and other sources by five percent or more.
- 2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year are failing to meet total budgeted expenditures and other uses by five percent or more.
- 3) Actual beginning fund balance within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

CAUSE OF CONDITION: The Town did not amend the budget for June 30, 2018.

POTENTIAL EFFECT OF CONDITION: The Town was not in compliance with the Local Government Budget Act.

RECOMMENDATION: The Town should monitor its actual to budget comparisons monthly and before the end of the year so that the budget can be amended properly and the Town can stay in compliance.

**TOWN OF SLAUGHTER, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

Finding 2018-010 Late Submittal of Audit Report (Noncompliance)

CONDITION: The report was submitted in August 2019.

CRITERIA: Per Louisiana state audit law, annual financial reports are due not later than six months after the close of the fiscal year.

CAUSE OF CONDITION: The Town had one municipal clerk that died and one that quit. This caused the Town's accounting to become backlogged.

POTENTIAL EFFECT OF CONDITION: The Town was not in compliance with the state audit deadline.

RECOMMENDATION: The Town should ensure its accounting is ready for the audit two months after the close of the fiscal year.

MANAGEMENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

Minda B. Raybourn

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Member
LCPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Aldermen and
Mayor Robbie Jackson
Town of Slaughter, LA
And the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Town of Slaughter (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and

software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Town does not have policies and procedures for purchasing, contracting, ethics, debt services, and disaster recovery/business continuity.

Management's Response: We will implement policies and procedures for the areas noted above.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board meets monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No financial statements were referenced nor budget to actual comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The general fund had a positive fund balance in the prior audit report.

Management's Response: We will reference budget to actual comparisons as part of the meeting minutes.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly

select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management's representation was obtained. The month of June 2018 was selected for five accounts.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Management did not initial the reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The general fund and enterprise fund operating accounts have checks older than 12 months. There was no documentation that research has been done on the old items.

Management's Response: We will research all items older than 12 months from the statement closing date.

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management's representation was obtained.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Both clerks share one cash drawer.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Both the municipal clerk and deputy clerk make prepare and make the deposit. The accountant reconciles collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The accountant is responsible for posting collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The accountant is responsible for reconciling cash collections to the general ledger by revenue source and is not responsible for collecting cash.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Inspections of the insurance policies given to me did not show any bond or insurance policy for theft.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted.

Management's Response: We will review insurance policies so that all employees who have access to cash are covered by a bond.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management's representation was obtained.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The department head can approve a purchase and place an order or make the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

The municipal clerk reviews all invoices, matches them up to any purchase orders or receiving reports, code invoices, enters into the accounts payable system, and reviews the accounts payable and write checks. On the items selected, approval by management was not documented.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The municipal clerk can add or modify vendor files. However, the accountant reviews the vendor files periodically.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Once check is signed, they are placed in the outgoing mail and will be picked up by the post service at town hall.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

One disbursement did not have management approval.

Management's Response: Going forward, all purchases will have the mayor's approval for payment. Invoices will be initials and dated for approval to pay. We will ensure all documentation to support a disbursement will be supported by the appropriate invoice and purchase order.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management's representation was obtained. The town has a Home Depot credit card and an Office Depot credit card. Fuel cards are used.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Statements were provided with supporting documentation. Original receipts were attached to the Office Depot and Home Depot statements. An exception report was attached to the fuel card statement. The Office Depot credit card was reviewed and approved by the mayor. The Home Depot card statement was reviewed and approved in writing by the mayor. The Voyager Fleet statement was reviewed and approved by the mayor.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Management’s representation was obtained.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of agreements/contracts and management's representation was obtained.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The Town replaced the roof of town hall for \$36,800. There was no bids or quotes obtained. No request for proposals were done. There was no contract on file.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

The purchase was not noted as being approved by the board in the Town minutes.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

The purchase was supported by an invoice. There was not contract or agreement that terms and conditions could be compared to.

Management's Response: We will obtain the necessary quotes and bids for projects under the public bid law threshold. Request for proposals will be administered when required. In the future, contracts will be obtained and approved by the town board. Any invoices for these types of projects will be compared to contract terms and approved by management before payment.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management's representation was obtained.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Daily attendance and leave were documented.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Some of the attendance and leave was not approved.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No exceptions noted.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Payments to the municipal employees' retirement system were late for the months of September 2018 through April 2019 and June 2019. Payments to Aflac and Humana Insurance for December 2018 and February 2019 included past due amounts. One payment to Blue Cross Blue Shield in December 2018 included a past due amount. Federal payroll tax payments were late for the months of October, November, and December 2018.

Management's Response: Time cards will have department head approval before processing. We are now on track in submitting all retirement payments, health insurance premiums, and tax payments on a timely basis.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

One employee did not have ethics training.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

The town does not have an annual attestation that the employee has read the entity’s ethics’ policy.

Management’s Response: We will implement policies and procedures to track ethics compliance.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No bonds or notes were issued during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Sinking fund deposits were not made monthly or timely as required.

Management’s Response: We will implement policies and procedures to ensure that the sinking fund deposits will be paid each month.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

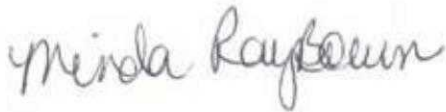
No exceptions noted.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures; other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in dark ink, reading "Minda Raybourn". The signature is written in a cursive, flowing style.

Minda Raybourn
Franklinton, LA

February 19, 2020