



# **Town of Lutcher**

**April 30, 2019**

## **Financial Statements**



# **Town of Litcher**

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*2019 Financial Statements*

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**FINANCIAL STATEMENTS**

**APRIL 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutcher, Louisiana, (the Town) as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of April 30, 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.



Postlethwaite & Netterville

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of principal officials and salaries, and the schedule of compensation, benefits and other payments to agency head or chief executive officer, the insurance-in-force (without audit), and the public utility system operations (without audit) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Donaldsonville, Louisiana

October 24, 2019

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2019**

This section of the annual financial report of the Town of Lutcher, Louisiana (the Town) presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2019. Please read it in conjunction with the Town's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,153,817 (net position). Of this amount, \$745,894 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's governmental activities expenses were \$283,932 more than the \$1,337,418 generated in charges for services, taxes, other revenue and transfers. In the Town's business-type activities, expenses and transfers were \$53,677 less than the \$1,741,082 generated in revenues.
- Other revenues increased from the prior year. This increase is mainly due to funds received in the current year for approximately \$41,000 from St. James Parish for road improvements.
- The general fund reported a \$491,809 fund balance for the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2019**

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

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2019**

**Government-wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

The Town has two kinds of funds:

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2019**

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

**Net position.** The Town's combined net position decreased between fiscal years ended April 30, 2018 and April 30, 2019 to \$4,153,817. (See Table A-1.)

**Table A-1**  
**Town's Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2019</b>	<b>2018 Restated</b>	<b>2019</b>	<b>2018 Restated</b>
Current and other assets	\$ 560,555	\$ 718,966	\$ 923,766	\$ 683,068
Capital assets	1,077,248	1,164,818	3,276,096	3,433,401
Restricted assets	65,874	77,504	482,780	529,504
<b>Total assets</b>	<b>1,703,677</b>	<b>1,961,288</b>	<b>4,682,642</b>	<b>4,645,973</b>
Deferred outflows of resources	139,743	184,766	135,904	169,415
<b>Total assets and deferred outflows of resources</b>	<b>1,843,420</b>	<b>2,146,054</b>	<b>4,818,546</b>	<b>4,815,388</b>
Current liabilities	77,214	90,333	127,713	223,783
Long term liabilities	151,017	160,856	1,333,361	1,290,388
Net pension liability	359,987	366,536	422,418	429,928
<b>Total liabilities</b>	<b>588,218</b>	<b>617,725</b>	<b>1,883,492</b>	<b>1,944,099</b>
Deferred inflows of resources	16,934	6,129	19,505	9,417
<b>Total liabilities and deferred inflows of resources</b>	<b>605,152</b>	<b>623,854</b>	<b>1,902,997</b>	<b>1,953,516</b>
Net position				
Invested in capital assets, net of related debt	929,511	1,001,001	2,034,617	2,123,614
Restricted	65,874	77,904	377,921	427,078
Unrestricted	242,883	443,295	503,011	311,180
<b>Total net position</b>	<b>\$ 1,238,268</b>	<b>\$ 1,522,200</b>	<b>\$ 2,915,549</b>	<b>\$ 2,861,872</b>

Net position of the Town's governmental activities decreased 18.7 percent to \$1,238,268. Net position of the Town's business-type activities increased 1.9 percent to \$2,915,549.

**Changes in net position.** The Town's total revenues for the year ended April 30, 2019 increased by \$347,206 to \$3,003,500. Approximately 60 percent of the Town's revenue is derived from charges for services and approximately 23 percent is derived from tax collections.

The Town's total expenses for the year ended April 30, 2019 increased by \$131,699 to \$3,233,755. Approximately 50 percent of the Town's expenses are the result of its business-type activities and 50 percent are the result of its governmental activities. (See Table A-2)

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2019**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 246,722	\$ 245,021	\$ 1,631,972	\$ 1,571,537
Capital grants and contributions	71,709	-	49,118	5,005
General revenues				
Taxes	623,948	407,874	59,992	67,097
Franchise taxes	100,314	109,259	-	-
Licenses and permits	137,503	144,406	-	-
Fines and forfeitures	25,321	57,361	-	-
Other revenues	47,341	48,734	-	-
<b>Total revenues</b>	<b>1,262,418</b>	<b>1,012,655</b>	<b>1,741,082</b>	<b>1,643,639</b>
<b>Expenses</b>				
General government	417,552	388,274	-	-
Streets and drainage	620,897	551,944	-	-
Public safety	324,895	279,361	-	-
Sanitation	243,236	237,858	-	-
Debt service	5,210	5,304	-	-
Water	-	-	861,712	877,250
Sewer	-	-	750,693	762,065
<b>Total expenses</b>	<b>1,611,790</b>	<b>1,462,741</b>	<b>1,612,405</b>	<b>1,639,315</b>
<b>Other financing resources (uses)</b>				
Transfers in	84,260	355,000	-	30,000
Transfers out	(9,260)	-	(75,000)	(385,000)
<b>Total other financing     resources (uses)</b>	<b>75,000</b>	<b>355,000</b>	<b>(75,000)</b>	<b>(355,000)</b>
<b>Increase (decrease) in net position</b>	<b>(283,932)</b>	<b>(95,086)</b>	<b>53,677</b>	<b>(350,676)</b>
<b>Beginning net position, as restated</b>	<b>1,522,200</b>	<b>1,550,144</b>	<b>2,861,872</b>	<b>3,236,613</b>
<b>Restatement for prior year errors</b>	<b>-</b>	<b>67,142</b>	<b>-</b>	<b>(24,065)</b>
<b>Ending net position</b>	<b>\$ 1,238,268</b>	<b>\$ 1,522,200</b>	<b>\$ 2,915,549</b>	<b>\$ 2,861,872</b>

**Governmental Activities**

Revenues for the Town's governmental activities increased by \$249,763 or 24.7 percent. Approximately 57 percent of these revenues are derived from ad valorem, sales, and franchise taxes while nearly 20 percent is from charges for services. The increase in tax revenues is largely the result of the 1 percent sales tax increase adopted by the citizens of the Town during the fiscal year.

Expenses for the Town's governmental activities increased by \$158,609 or 10.8 percent. Approximately 38 percent of these expenses are used for streets and drainage activities and general government activities account for more than 26 percent of governmental expenses.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2019**

**Business-type Activities**

Revenues for the Town's business-type activities increased by \$97,443 or nearly 6 percent. Charges for services provide for nearly 90 percent of business-type revenues.

Expenses for the Town's business-type activities decreased by \$26,910 or 1.6 percent. Approximately 53.4 percent of these expenses result from water activities and approximately 46.6 percent are the result of sewer activities. Additionally, there was a significant decrease in transfers to the general fund in the current year.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of \$557,683, a decrease of \$151,415, or 21.4 percent, from last year.

**General Fund Budgetary Highlights**

The Town amended its original budget for the fiscal year. Amended budgeted expenditures were increased approximately \$142,000 to provide for capital improvements to the Town's streets and drainage. Additionally, it was amended to provide for the purchase of a utility vehicle in the amount of \$14,000.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At the end of April 30, 2019, the Town had invested \$4,353,344 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net decrease (including additions and deductions) of \$244,875 or 5.3 percent, compared to last year.

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

**Table A-3**  
**Town's Capital Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land and Improvements	\$ 49,005	\$ 49,005	\$ 63,050	\$ 49,925
Buildings and Improvements	297,721	297,721	-	-
Lutcher Park	345,635	345,635	-	-
Streets	1,053,197	1,051,813	-	-
Drainage	549,637	541,002	-	-
Equipment	408,653	421,497	337,006	283,407
Construction in Progress	-	-	-	-
Water and Sewer Facility and System	-	-	9,947,952	9,936,252
Less: Accumulated Depreciation	(1,626,600)	(1,541,855)	(7,071,912)	(6,836,183)
<b>Total</b>	<b>\$ 1,077,248</b>	<b>\$ 1,164,818</b>	<b>\$ 3,276,096</b>	<b>\$ 3,433,401</b>

Current year depreciation expense was approximately \$341,000.

This year's major capital asset additions included:

- Sewer land improvements in the amount of \$13,125 were completed during the current year.
- The Town received funding from an LGAP grant, which was used to purchase a Kubota RTV-X900W-H for approximately \$14,000. This asset is to be used between the Sewer and Water Fund.

The Town's fiscal year 2019-2020 capital budget estimates approximately \$5,000 in capital improvements for general government projects and approximately \$128,000 for streets and drainage projects.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2019**

**Long-term debt.** At the end of the current fiscal year, the Town had bonded debt outstanding of \$1,383,000 as compared to \$1,467,000 in the prior year, a decrease of \$84,000 or 5.7 percent. (See Table A-4) More information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

**Table A-4**  
**Town's Outstanding Debt**

	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General Obligation Bonds, Series 2012A	\$ 147,000	\$ 163,000	\$ -	\$ -
General Obligation Bonds, Series 2012	-	-	868,000	920,000
Taxable Limited Bond, Series 2016	-	-	368,000	384,000
<b>Total</b>	<b>\$ 147,000</b>	<b>\$ 163,000</b>	<b>\$ 1,236,000</b>	<b>\$ 1,304,000</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's major sources of revenue for the general fund are comprised from taxes (sales, franchise & property) and garbage fees at 57% and 20% of total revenues, respectively. The economy is not expected to generate any significant growth. Expenditures are expected to decrease in the water fund for fewer improvements to the waterworks system and increase in the sewer fund due to the anticipation of future capital improvements to the sewer pond.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash	\$ 299,752	\$ 790,042	\$ 1,089,794
Receivables:			
Taxes	13,279	7,594	20,873
Interest	67	-	67
Accounts, net	41,071	231,898	272,969
Internal balances	114,072	(114,072)	-
Due from other governmental units	90,186	-	90,186
Other current assets	2,128	8,304	10,432
Restricted assets:			
Cash	65,874	482,780	548,654
Capital assets (net)	1,077,248	3,276,096	4,353,344
<b>Total assets</b>	<b>1,703,677</b>	<b>4,682,642</b>	<b>6,386,319</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related	139,743	135,904	275,647
<b>Total deferred outflows of resources</b>	<b>139,743</b>	<b>135,904</b>	<b>275,647</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	25,991	26,100	52,091
Accrued payables	35,223	31,613	66,836
Bonds due within one year	16,000	70,000	86,000
Long-term liabilities:			
Accumulated leave	20,017	65,535	85,552
Customer service meter deposits	-	101,826	101,826
Bonds payable	131,000	1,166,000	1,297,000
Net pension liability	359,987	422,418	782,405
<b>Total liabilities</b>	<b>588,218</b>	<b>1,883,492</b>	<b>2,471,710</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related	16,934	19,505	36,439
<b>Total deferred inflows of resources</b>	<b>16,934</b>	<b>19,505</b>	<b>36,439</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	929,511	2,034,617	2,964,128
Restricted for			
Debt retirement	65,874	377,921	443,795
Unrestricted	242,883	503,011	745,894
<b>Total net position</b>	<b>\$ 1,238,268</b>	<b>\$ 2,915,549</b>	<b>\$ 4,153,817</b>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions:</b>							
<b>Governmental activities:</b>							
General government	\$ 417,552	\$ -	\$ -	\$ -	\$ (417,552)	\$ -	\$ (417,552)
Streets and drainage	620,897	-	-	71,709	(549,188)	-	(549,188)
Public safety	324,895	-	-	-	(324,895)	-	(324,895)
Sanitation	243,236	246,722	-	-	3,486	-	3,486
Debt service	5,210	-	-	-	(5,210)	-	(5,210)
Total governmental activities	<u>1,611,790</u>	<u>246,722</u>	<u>-</u>	<u>71,709</u>	<u>(1,293,359)</u>	<u>-</u>	<u>(1,293,359)</u>
<b>Business-type activities:</b>							
Sewer	750,693	1,021,118	-	-	-	270,425	270,425
Water	861,712	610,854	-	49,118	-	(201,740)	(201,740)
Total business-type activities	<u>1,612,405</u>	<u>1,631,972</u>	<u>-</u>	<u>49,118</u>	<u>-</u>	<u>68,685</u>	<u>68,685</u>
Total primary government	<u>\$ 3,224,195</u>	<u>\$ 1,878,694</u>	<u>\$ -</u>	<u>\$ 120,827</u>	<u>(1,293,359)</u>	<u>68,685</u>	<u>(1,224,674)</u>
General revenues							
Taxes:							
Ad valorem					141,882	59,992	201,874
Sales taxes					482,066	-	482,066
Franchise taxes					100,314	-	100,314
Licenses and permits					137,503	-	137,503
Fines and forfeitures					25,321	-	25,321
Transfers (to)/from other funds					75,000	(75,000)	-
Other revenue					47,341	-	47,341
Total general revenues and transfers					<u>1,009,427</u>	<u>(15,008)</u>	<u>994,419</u>
Change in net position					<u>(283,932)</u>	<u>53,677</u>	<u>(230,255)</u>
Net position, April 30, 2018, as restated					<u>1,522,200</u>	<u>2,861,872</u>	<u>4,384,072</u>
Net position, April 30, 2019					<u>\$ 1,238,268</u>	<u>\$ 2,915,549</u>	<u>\$ 4,153,817</u>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**APRIL 30, 2019**

	General	Nonmajor Debt Service	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 299,752	\$ -	\$ 299,752
Receivables:			
Taxes	13,279	-	13,279
Interest	67	-	67
Due from other funds	114,072	-	114,072
Accounts, net	41,071	-	41,071
Due from other governmental units	90,186	-	90,186
Prepaid insurance	2,128	-	2,128
Restricted assets:			
Cash	-	65,874	65,874
<b>Total assets</b>	<b>\$ 560,555</b>	<b>\$ 65,874</b>	<b>\$ 626,429</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 25,991	\$ -	\$ 25,991
Accrued payables	42,755	-	42,755
<b>Total liabilities</b>	<b>68,746</b>	<b>-</b>	<b>68,746</b>
<b><u>FUND BALANCE</u></b>			
Nonspendable	2,128	-	2,128
Restricted for debt retirement	-	65,874	65,874
Unassigned	489,681	-	489,681
<b>Total fund balance</b>	<b>491,809</b>	<b>65,874</b>	<b>557,683</b>
<b>Total liabilities and fund balance</b>	<b>\$ 560,555</b>	<b>\$ 65,874</b>	<b>\$ 626,429</b>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**APRIL 30, 2019**

Total fund balances - governmental funds		\$ 557,683
Cost of capital assets at April 30, 2019	2,703,848	
Less: accumulated depreciation as of April 30, 2019	<u>(1,626,600)</u>	1,077,248
Long-term assets at April 30, 2019		
Deferred outflows - pension related		139,743
Long-term liabilities at April 30, 2019		
Bonds payable	(147,000)	
Accrued interest payable	(737)	
Accrued sick leave payable	(5,177)	
Accrued compensatory time payable	(6,571)	
Net pension liability	(359,987)	
Deferred inflows - pension related	<u>(16,934)</u>	<u>(536,406)</u>
Total net position at April 30, 2019 - governmental activities		<u>\$ 1,238,268</u>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**

**Lutcher, Louisiana**

**GOVERNMENTAL FUNDS**

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

**YEAR ENDED APRIL 30, 2019**

	<u>General</u>	<u>Nonmajor Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 141,882	\$ -	\$ 141,882
Sales taxes	482,066	-	482,066
Franchise taxes	100,314	-	100,314
Garbage fees	246,722	-	246,722
Licenses and permits	137,503	-	137,503
Intergovernmental revenue:			
Beer	1,569	-	1,569
Grants	71,709	-	71,709
Fines and forfeitures	25,321	-	25,321
Other revenue	45,772	-	45,772
<b>Total revenues</b>	<u>1,252,858</u>	<u>-</u>	<u>1,252,858</u>
<b><u>EXPENDITURES</u></b>			
Current operating expenditures:			
General government	395,037	-	395,037
Streets and drainage	524,133	-	524,133
Public safety	279,938	-	279,938
Sanitation	243,236	-	243,236
Capital outlay	15,639	-	15,639
Debt expenditures:			
Principal retirement	-	16,000	16,000
Interest	-	5,290	5,290
<b>Total expenditures</b>	<u>1,457,983</u>	<u>21,290</u>	<u>1,479,273</u>
<b><u>EXCESS OF EXPENDITURES OVER REVENUES</u></b>	(205,125)	(21,290)	(226,415)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	75,000	9,260	84,260
Transfers out	(9,260)	-	(9,260)
<b>Total other financing sources</b>	<u>65,740</u>	<u>9,260</u>	<u>75,000</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	(139,385)	(12,030)	(151,415)
<b><u>FUND BALANCE</u></b>			
Beginning of year, as restated	<u>631,194</u>	<u>77,904</u>	<u>709,098</u>
End of year	<u>\$ 491,809</u>	<u>\$ 65,874</u>	<u>\$ 557,683</u>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS -**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2019**

Total net changes in fund balance - governmental funds		\$ (151,415)
Capital assets:		
Capital outlay capitalized	15,639	
Depreciation expense for the year ended April 30, 2019	<u>(103,209)</u>	(87,570)
Long-term debt:		
Principal portion of debt service payments	16,000	
Change in accrued sick leave	(5,177)	
Change in accrued compensatory time	(6,571)	
Excess of interest paid over interest accrued	80	
Net change in pension liability and deferred inflows/outflows of resources	<u>(49,279)</u>	<u>(44,947)</u>
Change in net position - governmental activities		<u><u>\$ (283,932)</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2019**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash	\$ 526,115	\$ 263,927	\$ 790,042
Taxes receivable	-	7,594	7,594
Accounts receivable (net of allowance for uncollectibles)	155,327	76,571	231,898
Other current assets	953	7,351	8,304
Total current assets	<u>682,395</u>	<u>355,443</u>	<u>1,037,838</u>
<b><u>NONCURRENT ASSETS</u></b>			
Restricted assets:			
Cash	10	482,770	482,780
Total restricted assets	10	482,770	482,780
Capital assets, net	785,660	2,490,436	3,276,096
Total noncurrent assets	<u>785,670</u>	<u>2,973,206</u>	<u>3,758,876</u>
Total assets	<u>1,468,065</u>	<u>3,328,649</u>	<u>4,796,714</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related	68,763	67,141	135,904
Total deferred outflows of resources	<u>68,763</u>	<u>67,141</u>	<u>135,904</u>
<b><u>LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Payable from current assets:			
Accounts payable	16,582	9,518	26,100
Accrued payables	10,245	21,368	31,613
Due to other funds	95,161	18,911	114,072
Payable from restricted assets:			
Bonds payable due within one year	-	70,000	70,000
Total current liabilities	<u>121,988</u>	<u>119,797</u>	<u>241,785</u>
<b><u>NONCURRENT LIABILITIES</u></b>			
Accumulated leave	45,195	20,340	65,535
Customer meter deposits	-	101,826	101,826
Bonds payable	-	1,166,000	1,166,000
Net pension liability	213,050	209,368	422,418
Total noncurrent liabilities	<u>258,245</u>	<u>1,497,534</u>	<u>1,755,779</u>
Total liabilities	<u>380,233</u>	<u>1,617,331</u>	<u>1,997,564</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related	9,764	9,741	19,505
Total deferred inflows of resources	<u>9,764</u>	<u>9,741</u>	<u>19,505</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	785,660	1,248,957	2,034,617
Restricted for debt retirement	-	377,921	377,921
Unrestricted	361,171	141,840	503,011
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,146,831</u></b>	<b><u>\$ 1,768,718</u></b>	<b><u>\$ 2,915,549</u></b>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**YEAR ENDED APRIL 30, 2019**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for service			
Sales	\$ 347,580	\$ 539,389	\$ 886,969
Use of oxidation pond	652,273	-	652,273
Delinquent charges	7,278	15,736	23,014
Miscellaneous revenues	13,987	55,729	69,716
<b>Total operating revenues</b>	<u>1,021,118</u>	<u>610,854</u>	<u>1,631,972</u>
<b><u>OPERATING EXPENSES</u></b>			
Professional services	17,537	20,326	37,863
Payroll taxes	17,708	17,955	35,663
Retirement	51,098	51,679	102,777
Insurance	68,403	100,744	169,147
Office supplies and postage	1,900	8,660	10,560
Miscellaneous	43,347	71,821	115,168
Salaries	279,506	258,586	538,092
Oxidation pond/water plant analysis and treatment	14,490	7,171	21,661
Electricity	65,219	14,908	80,127
Materials, supplies, and repairs	130,294	92,859	223,153
Depreciation	61,191	176,163	237,354
<b>Total operating expenses</b>	<u>750,693</u>	<u>820,872</u>	<u>1,571,565</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>270,425</u>	<u>(210,018)</u>	<u>60,407</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Ad valorem taxes	-	59,992	59,992
Capital grants	-	49,118	49,118
Interest expense	-	(40,840)	(40,840)
<b>Total nonoperating revenues</b>	<u>-</u>	<u>68,270</u>	<u>68,270</u>
<u>Income (loss) before transfers</u>	270,425	(141,748)	128,677
Transfers out	(75,000)	-	(75,000)
<b>Operating transfers out</b>	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
<b><u>CHANGE IN NET POSITION</u></b>	<b><u>195,425</u></b>	<b><u>(141,748)</u></b>	<b><u>53,677</u></b>
Net position, April 30, 2018, as restated	951,406	1,910,466	2,861,872
Net position, April 30, 2019	<u>\$ 1,146,831</u>	<u>\$ 1,768,718</u>	<u>\$ 2,915,549</u>

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED APRIL 30, 2019**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from customers	\$ 982,474	\$ 548,252	\$ 1,530,726
Cash paid to employees and suppliers	(567,137)	(598,755)	(1,165,892)
Other receipts from operations	13,987	55,729	69,716
Net cash provided by operating activities	<u>429,324</u>	<u>5,226</u>	<u>434,550</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Transfers to other funds	<u>(75,000)</u>	-	<u>(75,000)</u>
Net cash used in noncapital financing activities	<u>(75,000)</u>	-	<u>(75,000)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Acquisition of capital assets	(50,840)	(30,084)	(80,924)
Capital grant received	-	49,118	49,118
Ad valorem tax	-	59,992	59,992
Principal payments on long-term debt	-	(68,000)	(68,000)
Interest paid on long-term debt	-	(41,148)	(41,148)
Net cash used in capital and related financing activities	<u>(50,840)</u>	<u>(30,122)</u>	<u>(80,962)</u>
Net increase (decrease) in cash and cash equivalents	303,484	(24,896)	278,588
Cash and cash equivalents - beginning of year	<u>222,641</u>	<u>771,593</u>	<u>994,234</u>
Cash and cash equivalents - end of year	<u>\$ 526,125</u>	<u>\$ 746,697</u>	<u>\$ 1,272,822</u>
Cash and cash equivalents - end of year			
Cash - current	\$ 526,115	\$ 263,927	\$ 790,042
Cash - restricted	10	482,770	482,780
	<u>\$ 526,125</u>	<u>\$ 746,697</u>	<u>\$ 1,272,822</u>

*(continued)*

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED APRIL 30, 2019**

	Sewer Fund	Water Fund	Total
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>			
<b><u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>			
Operating income (loss)	\$ 270,425	\$ (210,018)	\$ 60,407
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -			
Depreciation	61,191	176,163	237,354
Bad debt expense	1,728	2,036	3,764
Loss on disposition of assets	-	875	875
Net changes in assets and liabilities -			
Accounts receivables	(24,657)	(6,873)	(31,530)
Deferred outflows of resources	16,662	16,849	33,511
Accounts payable and other liabilities	102,693	24,898	127,591
Net pension liability	(3,734)	(3,776)	(7,510)
Deferred inflows of resources	5,016	5,072	10,088
Net cash provided by operating activities	\$ 429,324	\$ 5,226	\$ 434,550

*(concluded)*

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

1. **Summary of Significant Accounting Policies**

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

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

**Financial Reporting Entity**

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

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

**Basis of Presentation, Basis of Accounting**

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

Basis of Presentation, Basis of Accounting (continued)

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise funds:

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

Basis of Presentation, Basis of Accounting (continued)

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

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

Measurement Focus, Basis of Accounting

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

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

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

Budgets and Budgetary Accounting

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

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

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

Cash and Cash Equivalents

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

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

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

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

All fixed assets are stated at historical cost.

Accounts Receivable

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

Accumulated Leave

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

Long Term Debt

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

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

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

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

Pension Plans

The Town of Lutcher is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

Equity Classifications

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

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

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

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

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

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

Interfund Balances / Transfers

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

Deferred Outflows/Inflows of Resources

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

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

Note 11 presents detailed information concerning the amounts related to pensions, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Estimates

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

Encumbrances

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

Risk Management

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

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at April 30, 2019.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

2. **Cash**

At April 30, 2019, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 200
Demand deposit accounts/savings accounts	1,089,594
Restricted cash	548,654
Total	<u>\$ 1,638,448</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

3. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At April 30, 2019, the Town's bank balances totaled \$1,689,890. Of these bank balances, \$500,000 was covered by federal depository insurance, and \$1,189,890 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

4. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended April 30, 2019, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Total
Cost at April 30, 2018	\$ 49,005	\$ 297,721	\$ 345,635	\$1,051,813	\$ 541,002	\$ 421,497	\$ 2,706,673
Additions	-	-	-	1,384	8,635	5,620	15,639
Deletions	-	-	-	-	-	(18,464)	(18,464)
Cost of Capital Assets April 30, 2019	<u>49,005</u>	<u>297,721</u>	<u>345,635</u>	<u>1,053,197</u>	<u>549,637</u>	<u>408,653</u>	<u>2,703,848</u>
Accumulated depreciation April 30, 2018	6,572	222,822	294,226	405,800	254,729	357,706	1,541,855
Additions	496	6,410	1,409	53,412	27,372	14,110	103,209
Deletions	-	-	-	-	-	(18,464)	(18,464)
Accumulated depreciation April 30, 2019	<u>7,068</u>	<u>229,232</u>	<u>295,635</u>	<u>459,212</u>	<u>282,101</u>	<u>353,352</u>	<u>1,626,600</u>
Capital Assets, net of accumulated depreciation at April 30, 2019	<u>\$ 41,937</u>	<u>\$ 68,489</u>	<u>\$ 50,000</u>	<u>\$ 593,985</u>	<u>\$ 267,536</u>	<u>\$ 55,301</u>	<u>\$ 1,077,248</u>

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

4. **Capital Assets** (continued)

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

Depreciation expense of \$103,209 for the year ended April 30, 2019 was charged to the following governmental functions:

General Government	\$	13,337
Streets and Drainage		87,105
Public Safety		2,767
	\$	103,209

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Construction in Progress	Total
Total Cost of Capital Assets					
April 30, 2018	\$ 49,925	\$ 9,936,252	\$ 283,407	\$ -	\$ 10,269,584
Additions	-	11,700	56,099	13,125	80,924
Deletions	-	-	(2,500)	-	(2,500)
Transfers	13,125	-	-	(13,125)	-
Cost of Capital Assets					
April 30, 2019	63,050	9,947,952	337,006	-	10,348,008
Accumulated depreciation					
April 30, 2018	15,183	6,630,972	190,028	-	6,836,183
Additions	672	208,662	27,603	-	237,354
Deletions	-	-	(1,625)	-	(1,625)
Accumulated depreciation					
April 30, 2019	15,855	6,839,634	216,006	-	7,071,912
Capital Assets, net of accumulated depreciation at					
April 30, 2019	\$ 47,195	\$ 3,108,318	\$ 111,621	\$ -	\$ 3,276,096

Capital assets above that are not being depreciated include land in the amount of \$34,295.

Depreciation expense of \$237,354 for the year ended April 30, 2019 was charged to the following governmental functions:

Sewer Fund	\$	61,191
Water Fund		176,163
	\$	237,354

**Construction Commitment**

The Town has no active construction contracts at April 30, 2019. No interest cost has been incurred, charged to expense, nor capitalized for the year ended April 30, 2019.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

5. **Receivables**

Receivables as of April 30, 2019 for the Town's governmental and business type funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

**Governmental:**

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Taxes:			
Property	\$ 13,279	\$ -	\$ 13,279
Total taxes	<u>13,279</u>	<u>-</u>	<u>13,279</u>
Accounts			
Charges for services	46,363	-	46,363
Licenses and permits	1,736	-	1,736
Fines and forfeitures	3,941	-	3,941
Total accounts	<u>52,040</u>	<u>-</u>	<u>52,040</u>
Less: allowance	<u>(10,969)</u>	<u>-</u>	<u>(10,969)</u>
Accounts, net	<u>41,071</u>	<u>-</u>	<u>41,071</u>
Other	67	-	67
Total receivables	<u>\$ 54,417</u>	<u>\$ -</u>	<u>\$ 54,417</u>

**Business type:**

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Taxes:			
Property	\$ -	\$ 7,594	\$ 7,594
Total taxes	<u>-</u>	<u>7,594</u>	<u>7,594</u>
Accounts			
Charges for services	165,802	98,317	264,119
Total accounts	<u>165,802</u>	<u>98,317</u>	<u>264,119</u>
Less: allowance	<u>(10,475)</u>	<u>(21,746)</u>	<u>(32,221)</u>
Accounts, net	<u>155,327</u>	<u>76,571</u>	<u>231,898</u>
Total receivables	<u>\$ 155,327</u>	<u>\$ 84,165</u>	<u>\$ 239,492</u>

6. **Due from Other Governmental Units**

At April 30, 2019, the Town has \$90,186 due from the St. James Parish School Board for sales tax collections.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**7. Accumulated Leave**

The following is a summary of the changes in accumulated leave for the year ended April 30, 2019:

	Balance 4/30/2018	Additions	Deletions	Balance 4/30/2019
Governmental:				
Compensated absences	\$ 13,856	\$ 18,612	\$ 19,022	\$ 13,446
Compensatory time	-	7,884	1,313	6,571
Total governmental	<u>13,856</u>	<u>26,496</u>	<u>20,335</u>	<u>20,017</u>
Business-type:				
Compensated absences	30,323	34,094	24,124	40,293
Compensatory time	24,065	25,923	24,746	25,242
Total business-type	<u>54,388</u>	<u>60,017</u>	<u>48,870</u>	<u>65,535</u>
Total primary government	<u>\$ 68,244</u>	<u>\$ 86,513</u>	<u>\$ 69,205</u>	<u>\$ 85,552</u>

**8. Changes in Long-term Debt**

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2019:

	Balance 4/30/18	Additions	Retirements	Debt Forgiven	Balance 4/30/19
Governmental activities:					
General Obligation					
Bonds, Series 2012A	\$ 163,000	\$ -	\$ 16,000	\$ -	\$ 147,000
	<u>\$ 163,000</u>	<u>\$ -</u>	<u>\$ 16,000</u>	<u>\$ -</u>	<u>\$ 147,000</u>
Business-type activities:					
General Obligation					
Bonds, Series 2012	\$ 920,000	\$ -	\$ 52,000	\$ -	\$ 868,000
Taxable Limited					
Bonds, Series 2016	384,000	-	16,000	-	368,000
	<u>\$ 1,304,000</u>	<u>\$ -</u>	<u>\$ 68,000</u>	<u>\$ -</u>	<u>\$ 1,236,000</u>

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

8. **Changes in Long-term Debt** (continued)

Bonds payable at April 30, 2019 were comprised of the following individual issues:

Governmental activities:

Debt Service Fund

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

\$ 147,000

Business-type activities:

Water Fund

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

\$ 868,000

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

368,000

\$ 1,236,000

The annual requirements to amortize all debt outstanding as of April 30, 2019, are as follows:

<u>Year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 86,000	\$ 37,192	\$ 123,192
2021	90,000	34,807	124,807
2022	93,000	32,314	125,314
2023	95,000	29,731	124,731
2024	100,000	27,090	127,090
2025 - 2029	499,000	93,057	592,057
2030 - 2034	347,000	27,800	374,800
2035 - 2039	73,000	2,867	75,867
	<u>\$1,383,000</u>	<u>\$ 284,858</u>	<u>\$ 1,667,858</u>

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

**9. Ad Valorem Taxes**

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2019 taxes of 7 mills were authorized and levied on property with assessed valuations totaling \$17,094,231 for general purposes. Additional taxes of 4.37 mills were authorized and levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due. All millages expire on December 31, 2019.

Ad valorem taxes levied during the year ended April 30, 2019 totaled \$194,365.

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

Interfund transfers at April 30, 2019, were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 75,000	\$ 9,260
Debt Service Fund	9,260	-
Sewer Fund	-	75,000
	\$ 84,260	\$ 84,260

**11. Pension and Retirement Plans**

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

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

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

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

**Plan Descriptions:**

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

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

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

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

**Funding Policy:**

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended April 30, 2019, for the Town and covered employees were as follows:

	<u>Town</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	14.00%	5.00%
Members hired after 01/01/2013	14.00%	5.00%
Municipal Police Employees' Retirement Systems		
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	32.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.25%	8.00%
Employees receiving compensation below poverty guidelines of US Department of health	34.25%	7.50%

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of the years ending April 30, 2019 were as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Employees' Retirement System Plan B	\$ 81,078	\$ 73,185	\$ 60,237
Municipal Police Employees' Retirement System	\$ 14,705	\$ 14,232	\$ 14,410

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2018 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of April 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The Town's proportion of the Net Pension Liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers.

	<u>Net Pension Liability at June 30, 2018</u>	<u>Rate at June 30, 2018</u>	<u>Increase on June 30, 2017 Rate</u>
Municipal Employees' Retirement System Plan B	\$ 650,632	0.7692%	0.0042%
Municipal Police Employees' Retirement System	131,773	0.0156%	0.0002%
	<u>\$ 782,405</u>		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended April 30, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Municipal Employees' Retirement System Plan B	\$ 51,938	\$ 102,782	\$ 154,720
Municipal Police Employees' Retirement System	48,822	-	48,822
	<u>\$ 100,760</u>	<u>\$ 102,782</u>	<u>\$ 203,542</u>

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

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

At April 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,337	\$ (36,038)
Changes of assumptions	32,957	-
Net difference between projected and actual earnings on pension plan investments	112,068	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,733	(401)
Employer contributions subsequent to the measurement date	78,552	-
Total	<u>\$ 275,647</u>	<u>\$ (36,439)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan B	\$ 210,394	\$ (29,686)
Municipal Police Employees' Retirement System	65,253	(6,753)
	<u>\$ 275,647</u>	<u>\$ (36,439)</u>

The Town reported a total of \$78,552 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended April 30, 2020. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan B	\$ 66,520
Municipal Police Employees' Retirement System	12,032
	<u>\$ 78,552</u>

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

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

Year	MERS	MPERS	Total
2020	\$ 68,360	\$ 36,880	\$ 105,240
2021	32,958	12,607	45,565
2022	9,589	(3,247)	6,342
2023	3,281	228	3,509
	<u>\$ 114,188</u>	<u>\$ 46,468</u>	<u>\$ 160,656</u>

**Actuarial Assumptions:**

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2018 are as follows:

	<u>MERS</u>	<u>MPERS</u>								
<b>Valuation Date</b>	June 30, 2018	June 30, 2018								
<b>Actuarial Cost Method</b>	Entry Age Normal Cost	Entry Age Normal cost								
<b>Actuarial Assumptions:</b>										
<b>Expected Remaining Service Lives</b>	3 years	4 years								
<b>Investment Rate of Return</b>	7.275%	7.20%								
<b>Inflation Rate</b>	2.600%	2.60%								
<b>Mortality</b>	For annuitant and beneficiary mortality tables used were RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. For employees, the RP-2000 Employees Sex Distinct Table set back 2 years for both males and females. For disabled Annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members								
<b>Salary Increases</b>	5.00%	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">Over 23</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Over 23	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>									
1-2	9.75%									
3-23	4.75%									
Over 23	4.25%									

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

**Actuarial Assumptions** (continued)

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

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

<b><u>MERS</u></b>	<b><u>MPERS</u></b>
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.70% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2018.</p>	<p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.03% for the year ended June 30, 2018.</p>

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

**Actuarial Assumptions** (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2018:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	50.0%	-	2.20%	-
Equity	-	52.0%	-	3.58%
Public fixed income	35.0%	-	1.50%	-
Fixed income	-	22.0%	-	0.46%
Alternatives	15.0%	20.0%	0.60%	1.07%
Other	-	6.0%	-	0.17%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>4.30%</u>	<u>5.28%</u>
Inflation			<u>2.70%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>8.03%</u>

**Discount Rate:**

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.275% and 7.200%, respectively for the measurement period ending June 30, 2018.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS (Plan B)			
Rates	6.275%	7.275%	8.275%
Town of Lutcher's Share of NPL	\$ 853,875	\$ 650,632	\$ 477,858
MPERS			
Rates	6.200%	7.200%	8.200%
Town of Lutcher's Share of NPL	\$ 185,178	\$ 131,773	\$ 86,969

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

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

**Payables to the Pension Plan:**

The Town recorded accrued liabilities to each of the Retirement Systems for the year ended April 30, 2019 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. At April 30, 2019 the amounts owed to the retirement systems are as follows:

	Accounts Payable
Municipal Employees' Retirement System Plan B	\$ 6,420
Municipal Police Employees' Retirement System	1,154
	\$ 7,574

12. **Restricted Assets**

Under the terms of the bond indentures for the general obligation bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems totaling \$443,845.

As of April 30, 2019, the Town was in compliance with all related debt covenants, excluding Sinking Fund requirements for the 2016 Limited Tax Bonds as reported in the Schedule of Findings and Recommendations.

At April 30, 2019, the Town has \$104,809 of cash restricted for the refunding of customer meter deposits.

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

Fund balance/net position is restricted as follows:

	Debt Service Fund	Water Fund	Total
Restricted for:			
Bond retirement	\$ 65,874	\$ 377,921	\$ 443,795
	\$ 65,874	\$ 377,921	\$ 443,795

14. **Sales Taxes**

The Town receives a 2% sales tax collected on sales occurring within the boundaries of the Town of Lutcher. These proceeds are available for any lawful purpose of operating a municipality. The Town recognized \$482,066 of sales tax revenue during the year ended April 30, 2019. This tax does not expire.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

15. **Commitments**

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

Operating lease expenditures amounted to \$245,996 for the year ended April 30, 2019.

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2019, that have initial or remaining terms in excess of one year.

<u>Year Ending April 30,</u>	<u>Minimum Payments</u>
2020	\$ 246,402
2021	246,402
2022	245,825
2023	122,047
	<u>\$ 860,676</u>

16. **Tax Abatement**

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending April 30, 2019, the Town did not participate in any Tax Exemption Programs.

17. **Restatement of Prior Year Fund Balance and Net Position**

Fund balance of the General Fund within the fund financial statements and net position of the governmental activities within the government-wide financial statements was restated at April 30, 2018. It was restated for an increase of \$20,345 to adjust for sales tax receivable, an increase of \$19,951 to adjust for garbage receivables, and an increase of \$26,846 to adjust for parish road receivable. This should have been included in the fund financial statements and the government-wide financial statements in the prior year.

Net position of the Sewer Fund within the proprietary fund financial statements and net position of the business-type activities within the government-wide financial statements was restated at April 30, 2018. It was restated for a decrease of \$24,065 to adjust for compensatory time accrued. This should have been included in the fund financial statements and the government-wide financial statements in the prior year.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2019**

17. **Restatement of Prior Year Fund Balance and Net Position** (continued)

The net effect to the fund financial statements and entity-wide Statement of Net Position for the prior year that resulted from the restatement of the prior year balances is as follows:

<b><u>Fund Balance</u></b>		
	<u>General</u>	<u>Sewer</u>
Fund Balance, April 30, 2018, as previously reported	\$ 564,052	\$ 975,471
Adjustments described on previous page	67,142	(24,065)
Fund Balance, April 30, 2018, as restated	\$ 631,194	\$ 951,406

<b><u>Net Position</u></b>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Position, April 30, 2018, as previously reported	\$ 1,455,058	\$ 2,885,937
Adjustments described on previous page	67,142	(24,065)
Net Position, April 30, 2018, as restated	\$ 1,522,200	\$ 2,861,872

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**SCHEDULE OF THE TOWN OF LUTCHER'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY FOR THE RETIREMENT SYSTEMS**  
**FOR THE YEAR ENDED APRIL 30, 2019 (\*)**

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

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

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

See the accompanying notes to the Required Supplementary Information.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**SCHEDULE OF THE CONTRIBUTIONS TO EACH RETIREMENT SYSTEM**  
**(DEFINED BENEFIT COST SHARING PLANS ONLY)**  
**FOR THE YEAR ENDED APRIL 30, 2019**

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

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

***For reference only:***

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

See the accompanying notes to the Required Supplementary Information.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED APRIL 30, 2019**

**Changes of Benefit Terms include:**

Municipal Employee's Retirement System (Plan B)

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

Municipal Police Employee's Retirement System

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

**Changes of Assumptions:**

Municipal Employee's Retirement System (Plan B)

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

***Discount Rate:***

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

***Merit:***

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

***Inflation Rate:***

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

***Investment rate of return:***

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

***Salary Increases:***

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

Municipal Police Employee's Retirement System

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

***Discount Rate:***

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

***Merit:***  
 No changes for the year presented.

***Inflation Rate:***

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

***Investment rate of return:***

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

***Salary Increases:***  
 No changes for the year presented.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2019**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b><u>REVENUES</u></b>			
Taxes	\$ 500,000	\$ 552,000	\$ 623,948
Franchise taxes	96,000	97,200	100,314
Garbage fees	245,000	248,000	246,722
Licenses and permits	126,500	138,700	137,503
Intergovernmental revenues:			
Beer	500	1,200	1,569
Grants	-	-	71,709
Fines	50,000	21,000	25,321
Other revenue	130,758	117,500	45,772
<b>Total revenues</b>	<u>1,148,758</u>	<u>1,175,600</u>	<u>1,252,858</u>
<b><u>EXPENDITURES</u></b>			
Current operating expenditures:			
General government	379,552	394,644	395,037
Streets and drainage	386,100	545,100	524,133
Public safety	292,200	291,600	279,938
Sanitation	255,000	270,000	243,236
Capital outlay	65,000	19,000	15,639
<b>Total expenditures</b>	<u>1,377,852</u>	<u>1,520,344</u>	<u>1,457,983</u>
<b><u>EXCESS OF EXPENDITURES OVER REVENUES</u></b>	(229,094)	(344,744)	(205,125)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	175,000	75,000	75,000
Transfers out	-	-	(9,260)
<b>Total other financing sources</b>	<u>175,000</u>	<u>75,000</u>	<u>65,740</u>
<b><u>NET CHANGE IN FUND BALANCE</u></b>	(54,094)	(269,744)	(139,385)
<b><u>FUND BALANCE</u></b>			
Beginning of year, as restated	<u>483,246</u>	<u>483,246</u>	<u>631,194</u>
End of year	<u>\$ 429,152</u>	<u>\$ 213,502</u>	<u>\$ 491,809</u>

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2019**

	Original Budget	Final Amended Budget	Actual
<b><u>GENERAL GOVERNMENT</u></b>			
Salaries	\$ 163,844	\$ 177,344	\$ 174,828
Professional fees	25,500	37,950	48,196
Electricity	15,000	9,000	7,992
Insurance	51,500	57,500	54,394
Supplies and maintenance	6,450	5,450	4,188
Miscellaneous	6,500	20,000	24,415
Retirement	12,000	13,400	13,399
Office expenses	30,500	26,500	21,330
Payroll taxes	13,000	14,000	11,679
Per diem	9,000	11,000	12,355
Dues and subscriptions	1,500	3,000	2,760
Education and conventions	6,000	6,500	6,238
Computer	2,500	2,000	2,446
Telephone	10,000	11,000	10,817
LGAP program - tax program	26,258	-	-
Total general government	379,552	394,644	395,037
<b><u>STREETS AND DRAINAGE</u></b>			
Salaries	115,100	90,100	76,936
Payroll taxes	8,000	6,200	5,644
Miscellaneous	15,000	9,500	9,645
Gasoline, oil, and diesel	6,000	8,000	7,701
Street drainage and ditching	11,000	90,000	95,266
Beautification	8,000	6,000	-
Truck and tractor expense	6,000	20,000	17,696
Supplies and maintenance	60,500	107,000	112,545
Electricity	65,000	70,000	63,470
Insurance	33,000	24,000	23,390
Retirement	10,000	8,000	7,799
Uniforms	3,500	3,000	2,906
Grass cutting - contractor	45,000	50,000	47,835
Parish road funds	-	47,500	47,500
Sales tax - special election	-	5,800	5,800
Total streets and drainage	386,100	545,100	524,133

*(continued)*

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2019**

	Original Budget	Final Amended Budget	Actual
<b><u>PUBLIC SAFETY</u></b>			
Salaries	170,000	180,000	173,343
Gasoline and oil	7,000	8,000	6,977
Uniforms	1,000	500	238
Telephone	3,000	2,200	1,971
Insurance	48,000	55,500	54,016
Vehicle expenses	2,500	1,200	619
Supplies and maintenance	4,000	2,000	2,132
Office supplies	1,000	-	15
Payroll taxes	12,000	16,000	14,646
Printing & publishing	500	300	172
Retirement	38,000	21,000	20,725
Miscellaneous	1,000	1,000	1,187
Computer	3,000	3,200	3,272
Education and convention	1,000	500	475
Dues and subscriptions	200	200	150
Total public safety	<u>292,200</u>	<u>291,600</u>	<u>279,938</u>
<b><u>SANITATION</u></b>			
Solid waste disposal	<u>255,000</u>	<u>270,000</u>	<u>243,236</u>
Total sanitation	<u>255,000</u>	<u>270,000</u>	<u>243,236</u>
<b><u>CAPITAL OUTLAY</u></b>			
Capital outlay	<u>65,000</u>	<u>19,000</u>	<u>15,639</u>
Total capital outlay	<u>65,000</u>	<u>19,000</u>	<u>15,639</u>
 Total all departments	 <u>\$ 1,377,852</u>	 <u>\$ 1,520,344</u>	 <u>\$ 1,457,983</u>

*(concluded)*

**OTHER REPORTS REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lutcher, Louisiana, (the Town) as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 24, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2019-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of findings and recommendations as item 2019-002.

### **Town of Litcher, Louisiana's Response to Findings**

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
October 24, 2019

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**YEAR ENDED APRIL 30, 2019**

**SECTION I - SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified \_\_\_\_\_ Yes      X   No
  
- Significant deficiency identified not considered to be a material weakness?   X   Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted?

  X   Yes    \_\_\_\_\_ No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2019-001            Compensatory Time**

*Criteria:*            In accordance with the Town's Ordinance 17-03, unlimited compensatory time shall be accrued by all salaried employees. Employees may be compensated for unused compensatory time at the time of separation from employment.

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

*Cause:*             During the fiscal year, the Town paid out approximately \$26,000 of compensatory time to an employee who is still employed with the Town.

*Effect:*             The Town did not adhere to its ordinance.

*Recommendation:*    Payments to employees should be made in adherence with the adopted ordinance.

*View of Responsible Official:* The Town concurs with the finding. The Town will develop procedures to ensure compensatory time is taken or paid in accordance with the ordinance.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**YEAR ENDED APRIL 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS** (continued)

**2019-002            Sinking Fund Requirements**

*Criteria:*            The Town’s ordinance authorizing the issuance of the Series 2016 Taxable Limited Tax Bonds require that certain debt covenants be followed.

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

*Cause:*             The Town personnel was not fully aware of the requirements of the ordinance.

*Effect:*             The Town is not in compliance with the provisions set forth in the Taxable Limited Tax Bonds, Series 2016 bond documents.

*Recommendation:* The Town should establish a bank account identified as “Town of Lutcher, Taxable Limited Bonds Sinking Fund.” In addition, it should, not less than 15 days prior to the date that any principal and/or interest is due, transfer funds sufficient to pay said principal and interest.

*View of Responsible Official:* The Town concurs with the finding. The Town will establish the required sinking fund and transfer sufficient funds to meet principal and interest payments.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED APRIL 30, 2019**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**2018-001            Segregation of Duties**

*Criteria:*            Policies and procedures should include internal controls that segregate incompatible duties and provide checks and balances.

*Condition:*        Incompatible duties are not segregated over the activities of cash receipts. The Town Clerk performs the duties of both handling cash and checks received by the Town as well as recording and depositing these receipts into the accounting system.

*Cause:*             Due to the limited number of personnel working for the Town, many of the critical duties are combined.

*Effect:*             Unauthorized transactions could occur and not be detected timely.

*Recommendation:* A properly segregated accounting function includes segregation over the duties of access, recording and reconciling functions. We recommend that someone other than the Town Clerk handle cash and checks received.

*Current Status:*    The planned corrective action has been implemented. Thus the finding is considered resolved.

**2018-002            Capital Assets**

*Criteria:*            A strong control environment should ensure that the Town maintains an accurate inventory of capital assets and capitalizable transactions are identified and recorded properly.

*Condition:*        Capital assets were not properly recorded in the inventory.

*Cause:*             The Town did not initially include approximately \$35,000 of capital assets purchases as assets in the accounting records. Instead, these capital asset purchases were recorded as expenses.

*Effect:*             Several adjustments were made to the accounting records provided during the audit.

*Recommendation:* The process for recording capital assets should be enhanced to ensure that all capital assets are properly recorded in the inventory of capital assets.

*Current Status:*    The planned corrective action has been implemented. Thus the finding is considered resolved.



**Town of Lutchet**

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

**Mayor**  
**Patrick P. St. Pierre**

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

**Town Clerk**  
**Vanessa C. Rousel**

**Town Attorney**  
**Wilbur W. Reynaud**

**Chief of Police**  
**Dwan B. Bowser**

**CORRECTIVE ACTION PLAN**

October 24, 2019

Louisiana Legislative Auditor

The Town of Lutchet respectfully submits the following corrective action plan for the year ended April 30, 2019.

Name and address of independent public accounting firm:

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

Audit Period: May 1, 2018 – April 30, 2019

The findings from the schedule of findings and recommendations are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and recommendations.

**2019-001      Compensatory Time**

**Criteria:** In accordance with the Town’s Ordinance 17-03, unlimited compensatory time shall be accrued by all salaried employees. Employees may be compensated for unused compensatory time at the time of separation from employment.

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

**Cause:** During the fiscal year, the Town paid out approximately \$26,000 of compensatory time to an employee who is still employed with the Town.

**Effect:** The Town did not adhere with its ordinance.

**Recommendation:** Payments to employees should be made in compliance with the adopted ordinance.

*View of Responsible Official:* The Town concurs with the finding. The Town will develop procedures to ensure compensatory time is taken or paid in accordance with the ordinance.

**2019-002                      Sinking Fund Requirements**

*Criteria:*                      The Town's ordinance authorizing the issuance of the Series 2016 Taxable Limited Tax Bonds require that certain debt covenants be followed.

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

*Cause:*                              The Town was not fully aware of the requirements of the ordinance.

*Effect:*                              The Town is not in compliance with the provisions set forth in the Taxable Limited Tax Bonds, Series 2016 bond documents.

*Recommendation:*              The Town should establish a bank account identified as "Town of Litcher, Taxable Limited Bonds Sinking Fund." In addition, it should, not less than 15 days prior to the date that any principal and/or interest is due, transfer funds sufficient to pay said principal and interest.

*View of Responsible Official:* The Town concurs with the finding. The Town will establish the required sinking fund and transfer sufficient funds to meet principal and interest payments.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Mayor Patrick St. Pierre or Vanessa Roussel at (225) 869-5823.

Sincerely,



Patrick St. Pierre  
Mayor



Vanessa Roussel  
Town Clerk

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES**  
**YEAR ENDED APRIL 30, 2019**

Mayor:		
Patrick St. Pierre	\$	32,000
Aldermen:		
Darlene Riley		9,040
Donald Batiste		9,040
Danny Manuel		9,040
Ronald J. St. Pierre		9,040
Thomas George		9,000
Chief of Police:		
Dwan Bowser		46,050
	\$	<u>123,210</u>

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**YEAR ENDED APRIL 30, 2019**

Agency Head Name/Title: Mayor Patrick St. Pierre

<b><u>Purpose</u></b>		<b><u>Amount</u></b>
Salary	\$	32,000
Benefits - insurance		13,295
Benefits - retirement		4,440
Registration fees		200
Conference travel		636
Special meals		1,121
Telephone Expense		899
Mileage		5,577
Other		140
Total	\$	<u>58,308</u>

**PERFORMANCE AND STATISTICAL DATA**

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**INSURANCE-IN-FORCE**  
**April 30, 2019**  
**(Without Audit)**

<b><u>Type of Coverage</u></b>	<b><u>Name of Insurer</u></b>	<b><u>Expiration Date</u></b>	<b><u>Coverage Limits</u></b>
General Liability (business, auto, crime, law enforcement & public officials)	Risk Management, Inc.	May 1, 2020	\$ 2,000,000
Boiler & Machinery Equip.	Rod Prejean & Assoc.	May 1, 2020	\$ 3,478,761
Public Officials Bond	Rod Prejean & Assoc	January 24, 2020	\$ 10,000
Commercial Property	Englade Boudreaux	June 12, 2019	\$ 2,307,822
FHA Bond	Rod Prejean & Assoc	January 27, 2020	\$ 70,000
Tractor Equipment	Englade Boudreaux	March 2, 2020	Various limits totaling \$ 218,782
Governmental Crime Policy	Rod Prejean & Assoc	March 23, 2020	\$ 10,000
Vehicle Physical Damage	Rod Prejean & Assoc	May 1, 2020	\$ 152,189
Water Intake Structure Inland Marine	Englade Boudreaux	November 15, 2019	\$475,000
Workers Compensation	Risk Management, Inc.	May 1, 2020	\$700,000

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**PUBLIC UTILITY SYSTEM OPERATIONS**  
**APRIL 30, 2019**  
**(Without Audit)**

Statistics on System Operations

- (a) As of April 30, 2019 the number of metered customers was 1,394 and 1,293 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2019.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2019 for water and sewer services:
- (1) Water

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

Residential Customers	
0 – 2,500 gallons	\$18.39 (base rate)
Over 2,500 gallons	\$3.62 per 1,000 gallons or fraction thereof
Small Commercial Customers	
0 – 5,000 gallons	\$41.40 (base rate)
Over 5,000 gallons	\$3.62 per 1,000 gallons or fraction thereof
Medium Commercial Customers	
0 – 10,000 gallons	\$56.92 (base rate)
Over 10,000 gallons	\$3.62 per 1,000 gallons or fraction thereof
Large Commercial Customers	
0 – 25,000 gallons	\$72.45 (base rate)
Over 25,000 gallons	\$3.62 per 1,000 gallons or fraction thereof

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**

**PUBLIC UTILITY SYSTEM OPERATIONS**  
**APRIL 30, 2019**  
**(Without Audit)**

Statistics on System Operations (continued)

(2) Sewer

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

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

(c) Average monthly billing per customer during the year ended April 30, 2019:

1. Water	\$ <u>32.24</u>
2. Sewer	\$ <u>18.92</u>

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**TOWN OF LUTCHER**

**REPORT ON STATEWIDE**

**AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL**

**AREAS**

**FOR THE YEAR ENDED APRIL 30, 2019**

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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Members of  
the Board of Aldermen of the  
Town of Lutchter, Louisiana and the  
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by Town of Lutchter (the Town) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2018 through April 30, 2019. The Town'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, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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.

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
October 24, 2019

**TOWN OF LUTCHER**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**APRIL 30, 2019**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*”. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, “procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town” is indicated.

***Written Policies and Procedures***

---

1. Obtain and inspect the Town’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Town’s operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*The Town does not have a written policy for Budgeting.*

- 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.

*The Town does not have a written policy for Purchasing.*

- c) **Disbursements**, including processing, reviewing, and approving

*The Town does not have a written policy for Disbursements.*

- d) **Receipts**, 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).

*The Town does not have a written policy for Receipts.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The Town does have a policy for payroll processing; however, it does not address attribute 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.

*The Town does not have a written policy for Contracting.*

**TOWN OF LUTCHER**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**APRIL 30, 2019**

Schedule A

- 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)

*The Town does not have a written policy for its purchase cards and fuel cards.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*The Town has written policies for Travel and Expense Reimbursement; however, the policies do not address attribute 1) allowable expenses 2) dollar thresholds by category of expense or attribute 3) documentation requirements.*

- 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 Town's ethics policy.

*The Town does not have a written policy for Ethics.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The Town does not have a written policy for Debt Service.*

- 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 a written policy for Disaster Recovery/Business Continuity.*

***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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

- 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

**TOWN OF LUTCHER**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**APRIL 30, 2019**

Schedule A

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 Town's collections during the fiscal period.*

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

- 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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

***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 Town's main operating account. Select the Town'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:

*A listing of bank accounts was provided and included a total of 10 bank accounts. Management identified the Town's main operating accounts. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected 5 bank accounts (3 main operating and 2 randomly) and obtained the bank reconciliations for the month ending January 31, 2019, resulting in 5 bank reconciliations obtained and subjected to the below procedures.*

- 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);

*Of the 5 bank reconciliations, there is no evidence of preparer sign off. Of the 5 bank reconciliations, 2 of the accounts were not reconciled due to minimal activity.*

- 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

*Of the 5 bank reconciliations obtained, 2 did not have a reviewer's initials or any other documentation evidencing the review. Both of these reconciliations were not prepared in order for the reviewer to sign off.*

**TOWN OF LUTCHER**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**APRIL 30, 2019**

Schedule A

- 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.

*Of the 5 bank accounts selected, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.*

**Collections**

---

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).

*A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected the 1 deposit site and performed the procedures below.*

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 listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we selected the one collection location from the one deposit site. Review of the Town's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*For the 1 collection location, the employees responsible for cash collections share one cash drawer/register.*

- 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.

*For the 1 collection location, one of the employees responsible for collecting cash prepares/makes the bank deposit and 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.

**TOWN OF LUTCHER**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**APRIL 30, 2019**

Schedule A

*For the 1 collection location, one of the employees responsible for collecting cash in the absence of the primary collector also posts 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.

*For the 1 collection location, the primary cash collector performs the cash collections reconciliation and the reconciliation is reviewed by another employee. The reviewer also makes the deposits, posts the deposits to the general ledger or subsidiary ledgers, and performs the bank reconciliations. In rare instances the reviewer is also required to collect cash.*

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

*The Town stated that all employees who have access to cash are bonded and/or covered under the Town's insurance policy.*

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:

*We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.*

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions noted.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions noted.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted.*

- 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).

*2 of the 10 deposits selected for testing were deposited 2 business days after the date of receipt.*

**TOWN OF LUTCHER**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
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- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions noted.*

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

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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).

*The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected the single location and performed the procedures below.*

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:

*The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the Town's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

- 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.

*For the single location, the person processing payments was not prohibited from adding / modifying vendor files. The Town does not have a written policy for Disbursements.*

- 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.

*No exceptions noted.*

**TOWN OF LUTCHER**  
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10. For each location selected under #8 above, obtain the Town'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 listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.*

- 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.

*No exceptions noted.*

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

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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.

*A listing of cards was provided. No exceptions were noted as a result of performing this procedure.*

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:

*The Town only holds 4 card accounts. From the listing provided, we selected all 4 cards (3 credit cards and 1 fuel cards) used in the fiscal period. We randomly selected one monthly statement for each of the 4 cards selected and performed the procedures noted below.*

- 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, 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.]]

*No exceptions noted.*

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- 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).

*We randomly selected 14 combined transactions for 3 of the 4 cards selected in procedure #12 (1 fuel card excluded) and performed the specified procedures. For 7 of the 14 total transactions, there was no documentation evidencing attribute 2) written documentation of the business/public purpose.*

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

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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:

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.*

- 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](http://www.gsa.gov)).

*Of the 5 reimbursements selected for our procedures, none used a per diem. 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.

**TOWN OF LUTCHER**  
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*No exceptions noted.*

***Contracts***

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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:

*The Town had one new contract in the current year. This contract was selected for the procedures below.*

- 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 contract entered into was not subject to the Louisiana Public Bid Law. No exceptions noted.*

- 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).

*No exceptions noted.*

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

*The contract was not amended. No exceptions noted.*

- 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.

*Services in relation to the contract had not commenced. Therefore, the Town had not made payments during the period under review. No exceptions noted.*

***Payroll and Personnel***

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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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

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:

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*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

- 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.).

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

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

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

- 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

- 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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

**TOWN OF LUTCHER**  
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***Ethics***

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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.

*No exceptions noted.*

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

*For all 5 employees/officials selected for our procedures, signature verification evidencing that the employee/official had read the Town's ethics policy during the fiscal period could not be obtained. The Town does not have a written ethics policy.*

***Debt Service***

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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.

*Not applicable.*

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.

*A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. No exceptions noted.*

***Other***

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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 Town reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Town is domiciled.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*

**TOWN OF LUTCHER**  
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24. Observe that the Town 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.

*Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Town.*



**Mayor**  
**Patrick P. St. Pierre**

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

## ***Town of Lutcher***

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



**Town Clerk**  
**Vanessa C. Roussel**

**Town Attorney**  
**Wilbur W. Reynaud**

**Chief of Police**  
**Dwan B. Bowser**

October 24, 2019

Corrective Action Plan for  
Statewide Agreed-Upon Procedures  
For the year ended April 30, 2019

### **Written Policies and Procedures:**

1a-k) The Town will draft policies and procedures and have them adopted by the Council.

### **Bank Reconciliations:**

3a-b) The preparer of the bank reconciliations will sign off and initial the reconciliations when they are prepared. If an account has activity a reconciliation will be prepared and reviewed. If there is no activity the preparer and reviewer will initial and date that month's bank statement.

3c) Reconciling items will be researched timely, and disposed of accordingly.

### **Collections:**

5a) The sharing of cash drawers is a result of limited staff and window space to accept payments from residents. It is not feasible to increase staffing or window space. This will be avoided when possible.

5b-d) The reconciliation of the collection documentation to the deposit and the general ledger will be reviewed by two employees.

7d) Deposits will be made more timely.

**Non-payroll Disbursements:**

- 9c) Management will designate an individual with restricted access to review the vendor maintenance file on a monthly basis.

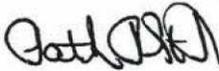
**Credit Cards:**

- 13) The Town will require that the receipts submitted document the public purpose of each transaction. Additionally, individuals participating in meals will be required to be documented when applicable.

**Ethics:**

- 20b) The Town will formalize a policy relating to ethics.

The above corrective action plan addresses the exceptions reported in the Statewide Agreed-Upon Procedures Report. If you need additional information concerning the corrective action plan, please feel free to contact Patrick St. Pierre, Mayor or Vanessa Roussel, Town Clerk, P.O. Box 456, Lutcher, LA 70071.



Patrick St. Pierre  
Mayor



Vanessa Roussel  
Town Clerk

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

We have audited the financial statements of the Town of Lutcher for the year ended April 30, 2019, and have issued our report thereon dated October 24, 2019. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

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

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

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated October 24, 2019, on the financial statements of the Town of Lutcher or the Town's internal control over financial reporting.

**ML-2019-001      RedFlex Collections**

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

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

**ML-2019-002**

**Cash, Capital Assets, Accounts Payable, Billings and Journal Entries**

**Condition:**

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

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

**Recommendations:**

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

- Written policies and procedures should encompass all functions of financial reporting.
- Employees should be trained to fulfill the financial reporting functions of other employees in the event of their absence.
- Journal entry reports should be reviewed to ensure that the proper parameters have been used and the report includes all journal entries for the periods that need to be reviewed.
- All bank accounts should be reconciled on a monthly basis.
- The review of the bank reconciliations is performed and documented.
- Additional controls should be put in place to ensure that one employee is not responsible for all duties surrounding the cash function.
- A periodic inventory of all capital assets should be performed and the inventory counts should be reconciled to the accounting records.
- Asset purchases or disposals should be properly classified and recorded in the accounting records.
- Vendor maintenance and all vendor additions should be approved and reviewed to ensure that all changes are accurate and appropriate.
- Sewer pond billings should be reconciled to the dumping logs and to the general ledger by someone independent of the billing process.



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

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
October 24, 2019

### **Status of Prior Year Management Letter Comments**

**ML-2018-001**

**RedFlex Collections**

**Condition:**

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

**Recommendations:**

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

**Current Status:**

The item has not been resolved and is included as a current year improvement as ML-2019-001.

**ML-2018-002**      **Cash, Capital Assets, Accounts Payable, and Journal Entries**

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

- Not all bank accounts are being reconciled on a monthly basis.
- One of the year-end bank reconciliations did not agree with the respective general ledger balance as of April 30, 2018.
- The review of bank account reconciliations is not consistently being documented.
- The Town is not currently taking complete inventory counts of its capital assets.
- Vendor additions and vendor maintenance in the accounts payable system is not being reviewed.
- Journal entries can be made to prior periods that have not yet been closed. There is no review of journal entries to such periods.

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

- All bank accounts are reconciled on a monthly basis, agree to the general ledger, and the review of the reconciliations is performed and documented.
- A periodic inventory of all capital assets is performed and the inventory counts should be reconciled to the accounting records.
- Vendor maintenance and all vendor additions are approved, reviewed, and are appropriate.
- Journal entry reports should be reviewed to ensure that the proper parameters have been used and the report includes all journal entries for the periods that need to be reviewed.

**Current Status:** The item has not been resolved and is included as a current year improvement as ML-2019-002.



**Mayor**  
**Patrick P. St. Pierre**

**Aldermen**  
**Donald J. Batiste, Sr.**  
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## ***Town of Litcher***

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**Town Attorney**  
**Wilbur W. Reynaud**

**Chief of Police**  
**Dwan B. Bowser**

October 24, 2019

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

The purpose of this communication is to respond to issues included in the management letter for the audit period which ended April 30, 2019.

### **ML 2019-001 RedFlex Collections**

Corrective Action – Management will implement a process to identify uncollected amounts relating to tickets issued. Management will also develop a process to reconcile collections to the monthly deposit.

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

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

- All bank accounts are reconciled on a monthly basis, and review of the reconciliation is performed and documented
- Journal entry reports will be reviewed to ensure that the proper parameters have been used and the report includes all journal entries for the periods that need to be reviewed
- A periodic inventory of all capital assets is performed and the inventory counts will be reconciled to the accounting records
- Sewer pond billings will be compared to the dumping logs by someone independent of the employee billing the services
- Vendor maintenance and all vendor additions are approved, reviewed and are appropriate.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick St. Pierre".

Patrick St. Pierre  
Mayor

A handwritten signature in blue ink, appearing to read "Vanessa C. Roussel".

Vanessa Roussel  
Town Clerk