

# **TOWN OF WHITE CASTLE LOUISIANA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT FOR THE FISCAL  
YEAR ENDED  
SEPTEMBER 30, 2019**





# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## TOWN OF WHITE CASTLE, LOUISIANA

For the fiscal year ended September 30, 2019



Prepared by

Town of White Castle  
Town Clerk's Office



# TOWN OF WHITE CASTLE, LOUISIANA

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# INTRODUCTORY SECTION

2019







# Town Of White Castle, Louisiana

John Morris, III., Mayor • Mario D. Brown, Chief of Police • Monica A. Hamilton, Town Clerk  
Alderman: Melissa Allen • Erick Batiste • Candice Depron • Kipp Knight • Barbara O'Bear (Mayor Pro-Temp)

March 12, 2020

The Citizens,  
The Mayor,  
and Members of the Town Council  
Town of White Castle

Dear Citizens, Mayor, and Council:

Pursuant to Louisiana State Statutes, I hereby issue the Comprehensive Annual Financial Report (CAFR) for the Town of White Castle (the Town) for the year ended September 30, 2019. The Town Clerk's office prepared this report in accordance with Generally Accepted Accounting Principles (GAAP). We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Town as measured by the financial activities of its various funds and the government-wide presentation; and that disclosures necessary to enable readers to gain an understanding of Town financial affairs have been included. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management of the Town.

The Town financial statements have been audited by J. Walker & Company APC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first document of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The Town of White Castle was incorporated as a town in 1884. It is located in Iberville Parish (the Parish), on the Mississippi River. The Town currently occupies a land area of 0.8 square miles and serves an estimated population of 1,878 according to the U.S. Census as of 2010. The population reflects a reduction of 3% from the 2000 U.S. Census.

The Town follows the provisions of the Lawrason Act as provided by Louisiana Law. The Town has seven elected officials comprised of a Mayor, five Council members and a Chief of Police that are serving four year terms. Policy making and legislative authority are vested in a governing council consisting of five council members. The Council is responsible, among other things, for passing ordinances, adopting the budget and appointing committees. The Mayor is the chief executive officer of the Town. The Chief of Police is responsible for administration of the Town's law enforcement services. Finally, the Town Clerk is recommended by the Mayor and appointed by the Town Council.

The Town provides a full range of services to the public including infrastructure maintenance and construction, public safety, public utilities, social and recreational services, emergency preparedness, and general administrative services.

A determination of the financial reporting entity to be included in this CAFR is made through the application of criteria established by the Governmental Accounting Standards Board (GASB), Statement No. 14 as amended by GASB Statement No. 61. A complete explanation of the financial reporting entity is included in the Summary of Significant Accounting Policies in the Notes to the Financial Statements.

An explanation of the accounting policies of the Town is contained in the Notes to the Financial Statements. The basis of accounting, fund structure, and other significant information on financial policies are explained in detail in the Notes to the Financial Statements.

## **Budgetary Control**

The annual budget serves as the foundation for the Town's financial planning and control. The annual operating budget is proposed by the Mayor and enacted by the Town Council. The Town Council is required to adopt the final budgets no later than September 30<sup>th</sup> of each year. Budgets are adopted at the fund and department level. Budgetary transfers across department lines or between classes of lump sum appropriations require approval of the Town Council. Additional details on the budget process are explained in the Notes to the Financial Statements.

Budget-to-actual comparisons are provided in this report for the General Fund in Exhibits B and C-2. The Sinking Fund, Reserve Fund, Section 8 Fund, and Capital Project Fund budget-to-actual comparisons are presented on Exhibits C-3 through C-6.

The Town Clerk's office is entrusted with maintaining accounting systems for the Town in accordance with the best-recognized practices in governmental accounting. It keeps the records for, and exercises financial and budgetary control over, each Town department, office, and agency.

In developing and evaluating the accounting system of the Town, the Clerk's office considers the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from an unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Town government is responsible for ensuring that adequate internal controls are in effect. All internal control evaluations occur within the framework described. The Town Clerk believes that the internal controls for the Town adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Economic Condition and Outlook**

White Castle is located in the Baton Rouge metropolitan area. The City of Baton Rouge is the state capital and the closest large Metropolitan Statistical Area (MSA) to New Orleans. The Baton Rouge metropolitan area has experienced vast development over the last few decades, experiencing a growth of approximately 33% since the year 2000.

White Castle is located on the Mississippi River in the southeast region of the State of Louisiana (State) and in Iberville Parish (Parish). The Town participates in a parish-wide sales tax which is collected throughout the Parish and shared with the Parish incorporated municipalities on a pro-rata basis based on population. The largest sales tax payers in the Parish are companies involved in the petrochemical and energy sectors. Products range from refined chemicals, household products and plastic materials. These industries provide the majority of the jobs within the Town. The taxes paid by the local industries are significant to the overall Parish tax base and local economy. Because of an increase in capital acquisition and proposed construction in the petrochemical industry, the Town expects to maintain a stable level of sales tax collections through 2020. Furthermore, the agricultural industry has a significant impact to the Town since this industry is supported by the Town's labor force.

General sales and use tax revenues in 2019 for operations of the Town were approximately \$2.4 million, which represents 23% growth over the last five years. The general sales and use tax plays a significant role in financing the operations of the General Fund, representing more than 92% of available resources.

During 2019, the Town had employed labor of approximately 800 with an unemployment rate of 6% and a current median household income of \$26,900 and age of 37.

The Town provides some source of housing to the Baton Rouge MSA with 800 household units with a median value of \$95,800. Other important industries include government, construction, transportation, real estate and retail trade.

## Major Initiatives in 2020

The Town is in the process of improving drainage systems throughout the Town with budgeted project cost of approximately \$280,000, funded through grants. The Town is also in the process of completing a sidewalk improvement project that is projected to cost \$350,000 to be funded by grants. Additionally, \$250,000 is budgeted for new electronic water meters. The Town anticipates these initiatives to be concluded over the fiscal year 2020.

## LONG-TERM FINANCIAL PLANNING

As mentioned above, the Town has planned to complete the construction of sidewalks by fiscal year 2020. This project, referred to as Safe Routes to School, will be utilized by both students and residents alike. The Town believes the implementation of these sidewalks not only provides citizens of the Town an additional means of transportation, but a great community resource as well. Furthermore, an investment into new electronic water meters will allow the Town to reduce water loss and become more efficient when administering water billings and consumption. In addition, the Town is investing resources over the next few fiscal years to fund drainage improvements throughout the Town.

## ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Reporting to the Town of White Castle for its comprehensive Annual Financial Report for each year for the three years through 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government accounting principles and applicable legal requirements.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to governmental accounting standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe our current report conforms to the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated services of a highly qualified staff. I also acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, J. Walker & Company APC, and our financial and accounting consultants, Faulk & Winkler, LLC. We also thank the Town's management and Council for their support of excellence in financial reporting and fiscal integrity.

Respectfully submitted,

*John Morris*

John Morris, Mayor



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of White Castle  
Louisiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**TOWN OF WHITE CASTLE  
PRINCIPAL OFFICIALS  
TERM: JANUARY 1, 2019 - DECEMBER 31, 2022**

**MAYOR**

John Morris III

**COUNCIL MEMBERS**

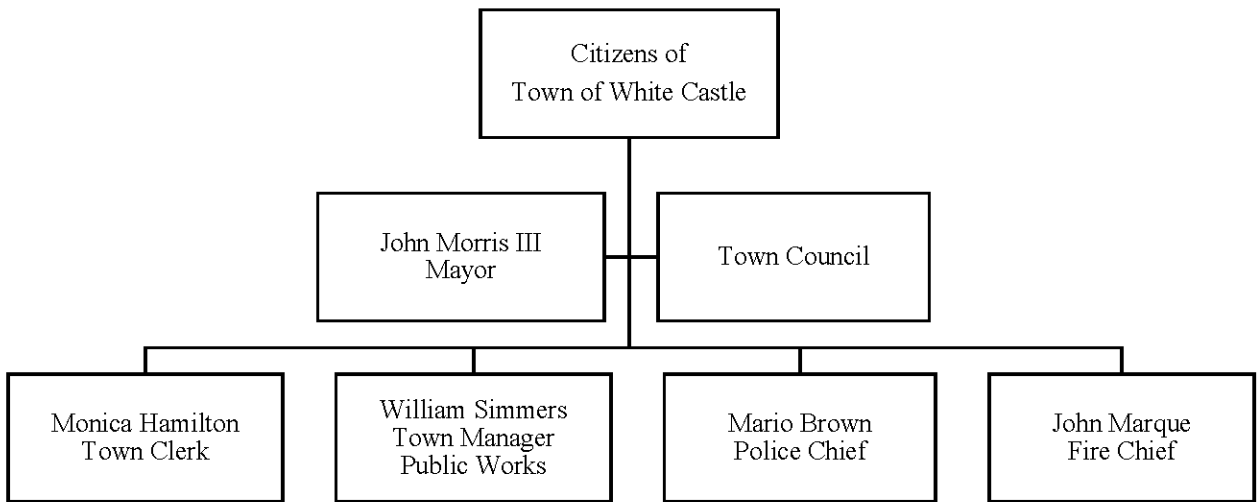
Melissa Allen  
Erick Batiste  
Candice Depron  
Kipp Knight  
Barbara O'Bear

**CHIEF OF POLICE**

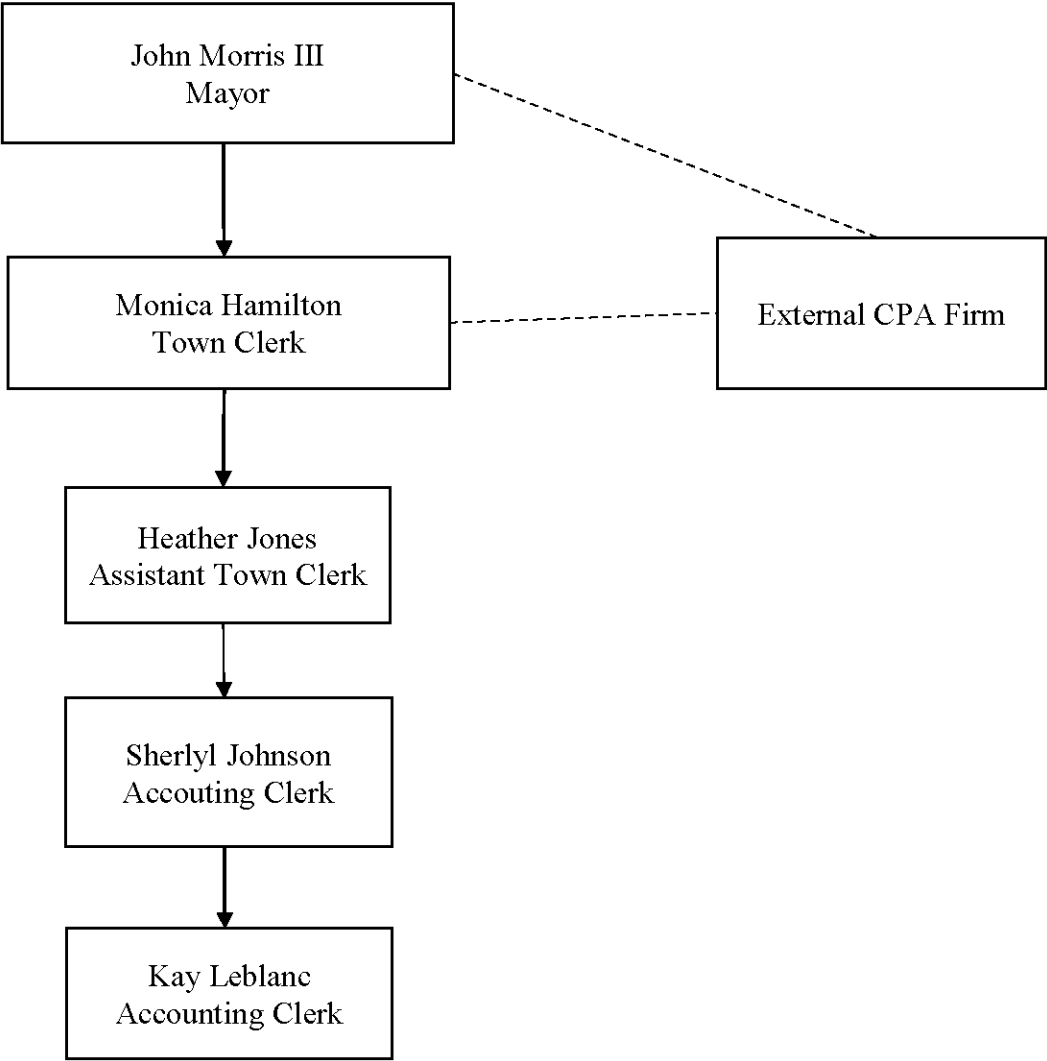
Mario Brown



**TOWN OF WHITE CASTLE  
ORGANIZATIONAL CHART  
PRIMARY GOVERNMENT**



**TOWN OF WHITE CASTLE  
ORGANIZATIONAL CHART  
TOWN CLERK'S OFFICE**



# FINANCIAL SECTION

# 2019







# J. WALKER & COMPANY<sup>APC</sup>

ACCOUNTANTS AND ADVISORS

## INDEPENDENT AUDITORS' REPORT

Honorable John Morris, Mayor  
and Members of the Board of Aldermen  
Town of White Castle, Louisiana

### Report on the 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 White Castle, Louisiana (the "Town"), as of and for the year ended September 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 auditors consider 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.

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#### MEMBER OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## **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 September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 5, and budgetary comparison information, the schedule of proportionate share of net pension liability, the schedule of pension contributions, and accompanying notes 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 introductory section, combining and individual nonmajor fund financial statements, the schedule of compensation, benefits and other payments to the agency head, the schedule of utility customers, the schedule of insurance in force, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



The introductory and statistical sections as well as the schedule of utility customers and insurance in force have not been subject 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 March 12, 2020 on our consideration of the Town of White Castle, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of White Castle, Louisiana'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 of White Castle, Louisiana's internal control over financial reporting and compliance.

*J. Walker & Company, APC*

Lake Charles, Louisiana

March 12, 2020







## TOWN OF WHITE CASTLE, LOUISIANA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Town of White Castle's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the Town's financial statements, which begin on page 17. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

### FINANCIAL HIGHLIGHTS

The Town completed the fiscal year in a stable financial position and approaches 2020 with funding that provides a means to address community needs. A major initiative of the Town is to provide basic services, including law enforcement, street maintenance, drainage, and utility services. Significant aspects of the Town's financial well-being as of and for the year ended September 30, 2019 are detailed throughout this analysis. Significant highlights are as follows:

- Assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by approximately \$6.3 million at the close of the year. Of this amount, \$254,000 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- As of September 30, 2019, the Town's governmental funds reported combined fund balances of approximately \$1.1 million. Additionally, approximately \$559,000 of this fund balance is unassigned.
- At year end the Town's proprietary funds reported net position of approximately \$2.7 million, of which included a deficit of \$81,000 in unrestricted net position.

### USING THIS ANNUAL REPORT

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference among them reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include public safety, streets and sanitation, public health, recreation, and general administration. The business-type activities of the Town include water, gas and sewer services. The government-wide financial statements can be found on Exhibits A and A-1 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The basic governmental fund financial statements can be found on Exhibits A-2 and A-4 of this report.

The Town maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the General Fund and the Sinking Fund which the Town considers to be major funds.

The Town adopts an annual budget for its general fund as required by law. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with the budget and is shown on Exhibit B.

The second category of funds is *proprietary funds*. Town maintains three proprietary funds to report the same functions presented as business-type activities in the government-wide statements. The Town uses proprietary funds to account for its water, gas and sewer operations.

Proprietary funds provide the same type of information as government-wide statements, but in more detail. The proprietary funds financial statements provide separate information for the Gas, Water and Sewer Funds, all of which are considered to be major funds of the Town. The basic proprietary fund financial statements can be found on Exhibits A-6 through A-8 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on Exhibit A-9 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds and information regarding the Town's proportionate share in public pension plans. The required supplementary information can be found on Exhibits B through B-4 of this report.

Governmental funds that are considered nonmajor are presented in the combining nonmajor fund balance sheet and nonmajor fund combining statements of revenues, expenditures, and changes in fund balances at Exhibits C and C-1.

Additionally, a detailed budgetary comparison for the General Fund is provided and can be found on Exhibit C-2, whereas budgetary comparisons for the Reserve and Sinking Funds, the Section 8 Fund, and the 2008 Capital Project Fund can be found at Exhibits C-3 through C-6.

Information regarding the mayor's compensation is presented on Exhibit C-7. Additionally, utility systems customer information, along with information regarding the Town's insurance in force, can be found on Exhibits C-8 and C-9, respectively.

### **Government-Wide Financial Analysis**

As mentioned earlier, changes in net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$6.3 million at the close of the fiscal year, a decrease of approximately \$520,000 from the prior year.

(Continued)

The summary of net position table below focuses on the net position of the Town's governmental and business-type activities.

Net Position  
September 30, 2019 and 2018  
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,255	\$ 1,751	\$ 476	\$ 519	\$ 1,731	\$ 2,270
Capital assets	<u>5,302</u>	<u>5,236</u>	<u>2,717</u>	<u>2,901</u>	<u>8,019</u>	<u>8,137</u>
Total assets	<u>6,557</u>	<u>6,987</u>	<u>3,193</u>	<u>3,420</u>	<u>9,750</u>	<u>10,407</u>
Deferred outflows of resources	<u>340</u>	<u>425</u>	<u>48</u>	<u>64</u>	<u>388</u>	<u>489</u>
Total assets and deferred outflows of resources	<u>\$ 6,897</u>	<u>\$ 7,412</u>	<u>\$ 3,241</u>	<u>\$ 3,484</u>	<u>\$ 10,138</u>	<u>\$ 10,896</u>
Current and other liabilities	\$ 308	\$ 295	\$ 104	\$ 145	\$ 412	\$ 440
Noncurrent liabilities	<u>2,857</u>	<u>3,042</u>	<u>452</u>	<u>456</u>	<u>3,309</u>	<u>3,498</u>
Total liabilities	<u>3,165</u>	<u>3,337</u>	<u>556</u>	<u>601</u>	<u>3,721</u>	<u>3,938</u>
Deferred inflows of resources	<u>61</u>	<u>79</u>	<u>16</u>	<u>19</u>	<u>77</u>	<u>98</u>
Net position:						
Net investment in capital assets	4,038	3,822	2,513	2,642	5,340	5,184
Restricted	509	544	237	231	746	775
Unrestricted	<u>(876)</u>	<u>(370)</u>	<u>(81)</u>	<u>(9)</u>	<u>254</u>	<u>901</u>
Total net position	<u>3,671</u>	<u>3,996</u>	<u>2,669</u>	<u>2,864</u>	<u>6,340</u>	<u>6,860</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,897</u>	<u>\$ 7,412</u>	<u>\$ 3,241</u>	<u>\$ 3,484</u>	<u>\$ 10,138</u>	<u>\$ 10,896</u>

At the end of the current fiscal year the Town had deficit balances in unrestricted net position for governmental and business type activities. In addition, the Town experienced a deficit in unrestricted net position for the Gas and Waterworks utility funds.

The largest classification of the Town's net position as of September 30, 2019 (84%) reflects those net position invested in capital assets (e.g., land, buildings, improvements, streets, equipment, vehicles, utility systems and furniture and fixtures), less any related outstanding debt used to acquire those assets. This same classification of net position was also the largest portion of the Town's net position as of September 30, 2018 (72%).

In 2016, the Town's governmental activities issued revenue refunding bonds to refund a previous bond issuance that was allocated between the Town's governmental and business-type activities. The portion of debt held in the Town's governmental activities that was used to fund the acquisition of capital assets in the Town's business type activities is excluded from the calculation of the Town's net investment in capital assets for governmental activities. However, this portion of debt is included in the calculation of net investment in capital assets for the Town's primary government. See Note 1 and Note 6 in the notes to the financial statements for more information.

The \$254,000 in unrestricted net position of the Town at the end of fiscal 2019 represents the accumulated results of operations.

Unrestricted net position of governmental activities decreased during the year by approximately 137%, or \$506,000, this decrease resulted in a deficit in unrestricted net position and is correlated to the increase in net investment in capital assets, as the Town placed new assets into service and began making payments on debt that was issued in prior years. Furthermore, unrestricted net position for business-type activities decreased by approximately \$72,000 or 800%. Collectively, the business-type activities experienced a net decrease in net position of approximately \$195,000 or 7% for the year ended September 30, 2019.

(Continued)

The results of this year's operations for the government as a whole are reported in the statement of activities, which is summarized below:

Changes in Net Position  
For the years ended September 30, 2019 and 2018  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 134	\$ 165	\$ 790	\$ 772	\$ 924	\$ 937
Operating grants and contributions	53	63	-	-	53	63
Capital grants and contributions	8	-	-	-	8	-
General revenues:						
Ad valorem	31	32	-	-	31	32
Sales taxes	2,419	2,041	-	-	2,419	2,041
Other taxes	48	48	-	-	48	48
Other general revenues	89	91	8	21	97	112
Total revenues	<u>2,782</u>	<u>2,440</u>	<u>798</u>	<u>793</u>	<u>3,580</u>	<u>3,233</u>
Functions/Program Expenses:						
General government	880	875	-	-	880	875
Public safety	821	741	-	-	821	741
Streets and sanitation	700	702	-	-	700	702
Public health	52	63	-	-	52	63
Recreation	319	275	-	-	319	275
Gas	-	-	348	357	348	357
Waterworks	-	-	534	500	534	500
Sewerage	-	-	354	365	354	365
Interest	92	87	-	-	92	87
Total expenses	<u>2,864</u>	<u>2,743</u>	<u>1,236</u>	<u>1,222</u>	<u>4,100</u>	<u>3,965</u>
Increase (decrease) in net position before transfers	(82)	(303)	(438)	(429)	(520)	(732)
Transfers	(243)	(380)	243	380	-	-
Change in net position	(325)	(683)	(195)	(49)	(520)	(732)
Beginning net position	<u>3,996</u>	<u>4,679</u>	<u>2,864</u>	<u>2,913</u>	<u>6,860</u>	<u>7,592</u>
Ending net position	<u>\$ 3,671</u>	<u>\$ 3,996</u>	<u>\$ 2,669</u>	<u>\$ 2,864</u>	<u>\$ 6,340</u>	<u>\$ 6,860</u>

**Financial Analysis of Town’s Most Significant Funds**

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Analysis of the Town’s major funds begins on page 19. The fund financial statements provide detailed information about only the most significant funds and thus not the Town as a whole. Some funds are required to be established by state law or by bond covenants. In addition, the Town Council establishes other funds to control and manage resources for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other money. The Town’s two kinds of funds, governmental and proprietary, use different accounting bases.

**Governmental funds** - Most of the Town’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the year-end balances that are available the subsequent year. These funds are reported using the *modified accrual* basis of accounting, which measures cash and other financial assets that can readily be converted to cash. As such, the governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be expended in the near future to finance the Town’s programs. The relationship and differences between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* (reported in the balance sheet and statement of revenues, expenditures, and changes in fund balance) are described in a reconciliation after the fund financial statements.

**General Governmental Functions**

The general government operations of the Town are accounted for in the General Fund, Special Revenue Fund, Debt Service Funds, and the Capital Project Fund. The following table shows a summary of general governmental operations for 2019 by fund type:

	(in thousands)					
	2019				2018	
	General Fund	Special Revenue Fund	Debt Service Funds	Capital Project Fund	Totals	Totals
Revenues and other financing sources	\$ 2,711	\$ 52	\$ 4	\$ -	\$ 2,767	\$ 2,426
Expenditures and other financing uses	2,773	52	228	-	3,053	2,980
Transfers, net	(431)	-	188	-	(243)	(380)
Change in fund balance	<u>\$ (493)</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ (529)</u>	<u>\$ (934)</u>

Before transfers to other governmental and enterprise funds, the Town’s General fund experienced a deficiency of revenues over expenditures. This deficit is primarily related to an increase in public safety and debt service expenditures from 2018 by \$74,000 and \$43,000, respectively. Additionally, revenues from sales and use tax increased by \$377,000 compared to 2018, which is later transferred into other funds. Likewise, the Sinking fund received transfers in to fund debt service payments.

Overall, revenues and other financing sources of the Town’s governmental fund types for 2019 increased by approximately \$341,000, expenditures and other financing uses increased by approximately \$73,000, and net transfers decreased by approximately \$137,000 resulting in a decrease in fund balance of approximately \$529,000. This decrease in fund balance was \$405,000 less than the prior year’s decrease in fund balance of \$934,000, largely due to the increase in sales in use tax received during the year.

Sources of general governmental revenues for all governmental funds are summarized in the table below.

<u>Source of Revenue</u>	(in thousands)			
	2019		2018	
	<u>Revenue</u>	<u>Percent</u>	<u>Revenue</u>	<u>Percent</u>
Taxes	\$ 2,498	90	\$ 2,121	87
Licenses and permits	80	3	85	4
Intergovernmental	87	3	92	4
Miscellaneous	99	4	128	5
<b>Total</b>	<b>\$ 2,764</b>	<b>100%</b>	<b>\$ 2,426</b>	<b>100%</b>

The Town’s governmental activities are largely supported by tax revenues, which are recorded in the General fund, representing 90% of the total governmental revenues in 2019, which increase by approximately \$377,000 (or 18%) during the current year due primarily to increase in sales tax revenues.

Expenditures in the Town’s General fund increased from the previous year primarily due to repairs and maintenance expenditures for the Town’s parks of approximately \$29,000 and also due to maintenance of the town’s roads of approximately \$91,000. The Town’s Sinking fund expenditures increased by \$52,000 compared to 2018. Overall, expenditures of the governmental funds increased by approximately \$72,000 in 2019. The increase in expenditures is correlated with general government and streets and sanitation projects. Expenditures for all governmental funds by each major function are summarized below.

<u>Function</u>	(in thousands)			
	2019		2018	
	<u>Expenditure</u>	<u>Percent</u>	<u>Expenditure</u>	<u>Percent</u>
General government	\$ 779	25	\$ 786	26
Public safety	720	24	646	22
Streets and sanitation	604	20	614	21
Public health	52	2	63	2
Recreation	117	4	84	3
Debt service	308	10	266	9
Capital outlay	472	15	521	17
<b>Total</b>	<b>\$ 3,052</b>	<b>100%</b>	<b>\$ 2,980</b>	<b>100%</b>



**Proprietary Funds** - The Town's proprietary funds provide the same information reported in the government-wide financial statements as business-type activities but in a different format. Unrestricted net position of Waterworks and Gas decreased for the year ended September 30, 2019. Additionally, Gas, Water and Sewer experienced operating losses as summarized in the table below.

	(in thousands)			
	2019		2018	
	Total	Percent	Total	Percent
<b><u>Operating revenues:</u></b>				
Gas	\$ 258	33	\$ 260	33
Waterworks	239	30	246	31
Sewerage	294	37	279	36
Total revenues	<u>791</u>	<u>100</u>	<u>785</u>	<u>100</u>
<b><u>Operating expenses:</u></b>				
Gas	348	28	357	30
Waterworks	527	43	490	41
Sewerage	350	29	357	29
Total expenses	<u>1,225</u>	<u>100</u>	<u>1,204</u>	<u>100</u>
Net operating loss	<u>\$ (434)</u>	<u>(55)</u>	<u>\$ (419)</u>	<u>(53)</u>

### **General Fund Budgetary Highlights**

Differences between the General Fund original budget and the final budget are shown on Exhibit B. Revenue projections were amended to decrease grant revenues by \$424,000 and increase sales tax revenue by \$265,000. Actual total revenues were approximately \$6,000 more than the final budget, primarily due to an increase in sales tax received in 2019.

Regarding expenditures, the original budget of the Town was amended to decrease the appropriation for capital outlay expenditures due to decrease in budgeted grant revenue and to increase the appropriations for general government and streets and sanitation for beautification projects in the Town. The decrease in capital outlay expenditures from the original budget of approximately \$226,000 was the result of expected postponement of capital outlay projects due to availability of grant funding.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2019 the Town had approximately \$8,019,000 invested in a broad range of capital assets including streets, heavy equipment for street and drainage maintenance, vehicles, computer equipment, office furniture, land, buildings, park facilities, gas and water distribution systems, and sewer treatment systems. This amount represents a net increase of \$19,000, or 1% over the prior fiscal year. The 2019 additions in the governmental and business type activities were approximately \$472,000 and \$20,000, respectively. Additions included the purchase of public safety equipment, improvements to the streets and roads, and various improvements to the Town's buildings. During 2019, depreciation expense for the governmental and business type activities were approximately \$406,000 and \$204,000, respectively.

	in thousands (net of depreciation)					
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 321	321	\$ 41	41	\$ 362	\$ 362
Construction in progress	92	269	-	-	92	269
Buildings and systems	999	1049	2,601	2,777	3,600	3,826
Equipment and vehicles	368	449	75	83	443	532
Improvements other than builsings	263	82	-	-	263	82
Infrastructure	<u>3,259</u>	<u>3,066</u>	<u>-</u>	<u>-</u>	<u>3,259</u>	<u>3,066</u>
 Total assets, net of depreciaiton	 <u>\$ 5,302</u>	 <u>\$ 5,236</u>	 <u>\$ 2,717</u>	 <u>\$ 2,901</u>	 <u>\$ 8,019</u>	 <u>\$ 8,137</u>

The Town's fiscal year 2019 capital budget included purchases for drainage improvements, building improvements, and street lighting. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

## Debt

On September 30, 2019, the Town had \$3,510,000 in outstanding debt, compared to \$3,774,000 on September 30, 2018, a decrease of 7%, as shown in the following table.

	in thousands					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Public improvement bonds	\$ 2,420	\$ 2,560	\$ -	\$ -	\$ 2,420	\$ 2,560
Premium on bond issuance	23	26	-	-	23	26
Installment purchase agreement:	32	108	-	-	32	108
Net pension liability	544	540	236	231	780	771
Revenue bonds	-	-	205	259	205	259
Accrued sick leave	25	24	26	26	51	50
	<u>\$ 3,044</u>	<u>\$ 3,258</u>	<u>\$ 467</u>	<u>\$ 516</u>	<u>\$ 3,511</u>	<u>\$ 3,774</u>

More detailed information about the Town's long-term liabilities is presented in Note 6 and Note 7 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town's elected and appointed officials considered many factors when setting the 2020 budget and tax rates. One of those factors is the current local, state and national economies. The largest taxpayers in the Town are primarily companies involved in the petrochemical processing sector. These companies are significantly impacted by the increasing cost of fuel, including natural gas. With the high price of fuel in recent years, these companies have experienced financial difficulty resulting in the reduction of personnel staffing and the rate of plant expansion, if any. As a result, the local economy has been impacted by the financial concerns of this major industry in the Town.

The following indicators were taken into account when adopting the General Fund budget for 2020. Amounts available for appropriation in the General Fund are \$2.7 million. Property taxes, licensing fees, sales taxes, franchise taxes, and utility taxes are expected to remain consistent with the final 2019 budget. Grant revenues are expected to provide the Town with significant funding to support the finance of programs currently offered. Budgeted expenditures are expected to be \$2.7 million, with the largest expenditures allocated to public safety and capital outlay related to streets that will be financed through capital grants. If these estimates are realized, the General Fund's fund balance is expected to remain the same.

## **OTHER INFORMATION**

### **Contacting The Town's Financial Management**

This financial report is designed to provide the Town's citizens, taxpayers, customers, granting agencies, investors, and creditors with a general overview of the Town's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town's Finance Office at (225) 545-3012 or P.O. Box 488, White Castle, Louisiana 70788.

#### **Town Council**

Melissa Allen

Erick Batiste

Candice Depron

Kipp Knight

Barbara O'Bear

# BASIC FINANCIAL STATEMENTS

# 2019





## TOWN OF WHITE CASTLE, LOUISIANA

## STATEMENT OF NET POSITION

September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 104,911	\$ 30,775	\$ 135,686
Investments - certificate of deposit	232,933	175,578	408,511
Accounts receivable, net	19,345	146,693	166,038
Due from other governments	437,274	-	437,274
Prepaid insurance	65,515	39,854	105,369
Internal balances	240,000	(240,000)	-
Inventories	-	13,507	13,507
Restricted cash	155,125	309,428	464,553
Capital assets:			
Non depreciable	413,799	40,588	454,387
Depreciable, net	<u>4,888,683</u>	<u>2,676,612</u>	<u>7,565,295</u>
Total assets	6,557,585	3,193,035	9,750,620
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension liability	150,254	48,218	198,472
Deferred outflows related to debt refunding	<u>190,293</u>	<u>-</u>	<u>190,293</u>
Total deferred outflows of resources	<u>340,547</u>	<u>48,218</u>	<u>388,765</u>
Total assets and deferred outflows of resources	<u>\$ 6,898,132</u>	<u>\$ 3,241,253</u>	<u>\$ 10,139,385</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 49,572	\$ 5,577	\$ 55,149
Payroll and other accrued liabilities	54,927	11,005	65,932
Unearned revenue	16,672	172	16,844
Customer deposits	-	72,843	72,843
Long-term payables:			
Due within one year	186,649	14,488	201,137
Due in more than one year	2,313,219	216,346	2,529,565
Pension liability due in more than one year	<u>544,347</u>	<u>235,834</u>	<u>780,181</u>
Total liabilities	<u>3,165,386</u>	<u>556,265</u>	<u>3,721,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension liability	<u>60,968</u>	<u>16,402</u>	<u>77,370</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,037,971	2,512,652	5,340,623
Restricted for:			
Debt service	223,663	97,765	321,428
Capital projects	285,695	138,820	424,515
Unrestricted	<u>(875,551)</u>	<u>(80,651)</u>	<u>253,798</u>
Total net position	<u>3,671,778</u>	<u>2,668,586</u>	<u>6,340,364</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,898,132</u>	<u>\$ 3,241,253</u>	<u>\$ 10,139,385</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

## STATEMENT OF ACTIVITIES

For the year ended September 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 880,341	\$ 81,628	\$ -	\$ -	\$ (798,713)	\$ -	\$ (798,713)
Public safety	820,648	51,769	-	8,210	(760,669)	-	(760,669)
Streets and sanitation	699,886	-	-	-	(699,886)	-	(699,886)
Public health	52,219	-	50,831	-	(1,388)	-	(1,388)
Recreation	319,049	-	2,500	-	(316,549)	-	(316,549)
Interest on long-term debt	91,615	-	-	-	(91,615)	-	(91,615)
Total governmental activities	<u>2,863,758</u>	<u>133,397</u>	<u>53,331</u>	<u>8,210</u>	<u>(2,668,820)</u>	<u>-</u>	<u>(2,668,820)</u>
Business-type activities:							
Gas	347,787	257,673	-	-	-	(90,114)	(90,114)
Waterworks	533,899	238,979	-	-	-	(294,920)	(294,920)
Sewerage	354,725	293,355	-	-	-	(61,370)	(61,370)
Total business-type activities	<u>1,236,411</u>	<u>790,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(446,404)</u>	<u>(446,404)</u>
Total primary government	<u>\$ 4,100,169</u>	<u>\$ 923,404</u>	<u>\$ 53,331</u>	<u>\$ 8,210</u>	<u>(2,668,820)</u>	<u>(446,404)</u>	<u>(3,115,224)</u>
General revenues:							
Taxes:							
Ad valorem					30,643	-	30,643
Sales and use					2,419,483	-	2,419,483
Franchise					35,806	-	35,806
Video poker					9,433	-	9,433
Other					2,497	-	2,497
Grants and contribution not restricted to specific programs					36,115	8,198	44,313
Investment earnings					24,698	314	25,012
Payments in-lieu of taxes					27,922	-	27,922
Transfers					(242,579)	242,579	-
Total general revenues and transfers					<u>2,344,018</u>	<u>251,091</u>	<u>2,595,109</u>
Change in net position					(324,802)	(195,313)	(520,115)
<b>NET POSITION</b>							
Beginning of year					<u>3,996,580</u>	<u>2,863,899</u>	<u>6,860,479</u>
Ending of year					<u>\$ 3,671,778</u>	<u>\$ 2,668,586</u>	<u>\$ 6,340,364</u>

Notes on Exhibit A-9 are an integral part of this statement.



## TOWN OF WHITE CASTLE, LOUISIANA

BALANCE SHEETS  
GOVERNMENTAL FUNDS

September 30, 2019

	<u>General</u>	<u>Sinking Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,235	\$ 17,875	\$ 82,801	\$ 104,911
Investments - certificates of deposit	232,933	-	-	232,933
Account receivable	19,345	-	-	19,345
Due from other governments	437,274	-	-	437,274
Due from other funds	405,000	122,000	458,000	985,000
Prepaid insurance	65,515	-	-	65,515
Restricted cash	-	155,125	-	155,125
Total assets	<u>\$ 1,164,302</u>	<u>\$ 295,000</u>	<u>\$ 540,801</u>	<u>\$ 2,000,103</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 49,572	\$ -	\$ -	\$ 49,572
Payroll and other accrued liabilities	40,156	-	-	40,156
Due to other funds	450,000	295,000	-	745,000
Total liabilities	<u>539,728</u>	<u>295,000</u>	<u>-</u>	<u>834,728</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other	-	-	16,672	16,672
<b>FUND BALANCE</b>				
Nonspendable	65,515	-	-	65,515
Restricted for:				
Debt service	-	-	238,434	238,434
Capital projects	-	-	285,695	285,695
Unassigned	559,059	-	-	559,059
Total fund balance	<u>624,574</u>	<u>-</u>	<u>524,129</u>	<u>1,148,703</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,164,302</u>	<u>\$ 295,000</u>	<u>\$ 540,801</u>	<u>\$ 2,000,103</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEETS TO THE STATEMENT OF NET POSITION**

September 30, 2019

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

Total fund balances - governmental funds (Exhibit A-2)		\$	1,148,703
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation			5,302,482
Deferred outflows used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.			
Deferred outflows related to loss on refunded debt			190,293
Deferred inflows and outflows of resources for pension plans and debt refundings are not due and payable in the current period, and therefore, are not reported in the governmental funds.			
Deferred outflows related to pension liability	150,254		
Deferred inflows related to pension liability	<u>(60,968)</u>		89,286
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Accrued interest payable	(14,771)		
Net pension liability	(544,347)		
Premium on bond issuance	(22,956)		
Bonds payable, installment purchase agreements, and claims and judgements	(2,451,907)		
Compensated absences payable	<u>(25,005)</u>		<u>(3,058,986)</u>
Net position of governmental activities (Exhibit A)		\$	<u>3,671,778</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

### STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended September 30, 2019

	<b>General Fund</b>	<b>Sinking Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 2,497,862	\$ -	\$ -	\$ 2,497,862
Intergovernmental	36,132	-	50,831	86,963
License and permits	79,771	-	-	79,771
Fines	51,769	-	-	51,769
Other	<u>42,706</u>	<u>3,599</u>	<u>1,388</u>	<u>47,693</u>
Total revenues	<u>2,708,240</u>	<u>3,599</u>	<u>52,219</u>	<u>2,764,058</u>
<b>EXPENDITURES</b>				
Current function				
General government	779,106	-	-	779,106
Public safety	719,517	-	-	719,517
Streets and sanitation	604,208	-	-	604,208
Public health	-	-	52,219	52,219
Recreation	116,979	-	-	116,979
Debt service:				
Principal	76,381	140,000	-	216,381
Interest	4,596	87,525	-	92,121
Capital outlay	<u>472,074</u>	<u>-</u>	<u>-</u>	<u>472,074</u>
Total expenditures	<u>2,772,861</u>	<u>227,525</u>	<u>52,219</u>	<u>3,052,605</u>
Deficiency of revenues over expenditures	<u>(64,621)</u>	<u>(223,926)</u>	<u>-</u>	<u>(288,547)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	188,421	-	188,421
Proceeds from sale of fixed assets	2,495	-	-	2,495
Transfers out	<u>(431,000)</u>	<u>-</u>	<u>-</u>	<u>(431,000)</u>
Total other financing sources (uses)	<u>(428,505)</u>	<u>188,421</u>	<u>-</u>	<u>(240,084)</u>
Net change in fund balance	(493,126)	(35,505)	-	(528,631)
<b>FUND BALANCE</b>				
Beginning of year	<u>1,117,700</u>	<u>35,505</u>	<u>524,129</u>	<u>1,677,334</u>
End of year	<u>\$ 624,574</u>	<u>\$ -</u>	<u>\$ 524,129</u>	<u>\$ 1,148,703</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

### RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2019

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances - total governmental funds (Exhibit A-4)		\$ (528,631)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays.</p>		
Depreciation expense	(406,017)	
Capital outlay	472,074	66,057
<p>The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. The payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability.</p>		
		(539)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Scheduled principal payments on debt	216,381	
Amortization of deferred loss on refunding bonds	(6,139)	
Amortization of bond premium	2,740	212,982
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in accrued interest payable		506
Change in net pension obligations are reported only in the Statement of Activities		(75,177)
Change in net position of governmental activities (Exhibit A-1)		\$ (324,802)

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS

September 30, 2019

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,242	\$ 13,823	\$ 11,710	\$ 30,775
Investments - certificates of deposit	64,218	61,427	49,933	175,578
Accounts receivable, net	36,510	52,213	57,970	146,693
Prepaid insurance	13,895	13,867	12,092	39,854
Due from other funds	150,000	150,000	315,000	615,000
Inventories	3,809	9,698	-	13,507
Total current assets	273,674	301,028	446,705	1,021,407
Long-term assets:				
Restricted cash	39,616	78,952	190,860	309,428
Capital assets:				
Non-depreciable	-	9,000	31,588	40,588
Depreciable, net	22,616	1,616,252	1,037,744	2,676,612
Total noncurrent assets	62,232	1,704,204	1,260,192	3,026,628
Total assets	335,906	2,005,232	1,706,897	4,048,035
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension liability	24,109	24,109	-	48,218
Total assets and deferred outflows of resources	\$ 360,015	\$ 2,029,341	\$ 1,706,897	\$ 4,096,253
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 1,559	\$ 2,480	\$ 1,538	\$ 5,577
Payroll and other accrued liabilities	3,955	4,941	2,109	11,005
Customer deposits	39,616	33,227	-	72,843
Bonds payable	3,805	8,431	2,252	14,488
Unearned revenues	172	-	-	172
Due to other funds	205,000	650,000	-	855,000
Total current liabilities	254,107	699,079	5,899	959,085
Long-term liabilities:				
Accrued sick leave	14,214	6,521	-	20,735
Bonds payable	-	128,446	67,165	195,611
Net pension liability	117,917	117,917	-	235,834
Total noncurrent liabilities	132,131	252,884	67,165	452,180
Total liabilities	386,238	951,963	73,064	1,411,265
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension liability	8,201	8,201	-	16,402
<b>NET POSITION</b>				
Net investment in capital assets	22,616	1,490,121	999,915	2,512,652
Restricted for:				
Debt service	-	13,981	83,784	97,765
Capital projects	-	31,744	107,076	138,820
Unrestricted	(57,040)	(466,669)	443,058	(80,651)
Total net position	(34,424)	1,069,177	1,633,833	2,668,586
Total liabilities, deferred inflows of resources, and net position	\$ 360,015	\$ 2,029,341	\$ 1,706,897	\$ 4,096,253

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

For the year ended September 30, 2019

	<b>Gas Utility Fund</b>	<b>Waterworks Utility Fund</b>	<b>Sewerage Utility Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 257,673	\$ 238,979	\$ 293,355	\$ 790,007
Other	697	180	213	1,090
Total operating revenues	<u>258,370</u>	<u>239,159</u>	<u>293,568</u>	<u>791,097</u>
<b>OPERATING EXPENSES</b>				
Administration	134,699	191,504	133,853	460,056
Field	142,625	255,424	97,155	495,204
Depreciation	4,394	80,375	119,373	204,142
Gas purchases	66,069	-	-	66,069
Total operating expenses	<u>347,787</u>	<u>527,303</u>	<u>350,381</u>	<u>1,225,471</u>
Operating loss	<u>(89,417)</u>	<u>(288,144)</u>	<u>(56,813)</u>	<u>(434,374)</u>
<b>NON-OPERATING</b>				
Interest income	85	33	196	314
Other contributions	3,554	3,554	-	7,108
Interest expense	-	(6,596)	(4,344)	(10,940)
Total non-operating, net	<u>3,639</u>	<u>(3,009)</u>	<u>(4,148)</u>	<u>(3,518)</u>
Loss before transfers	(85,778)	(291,153)	(60,961)	(437,892)
Transfers in	60,000	190,000	95,980	345,980
Transfers out	-	-	(103,401)	(103,401)
Net loss	<u>(25,778)</u>	<u>(101,153)</u>	<u>(68,382)</u>	<u>(195,313)</u>
<b>NET POSITION</b>				
Beginning of year	<u>(8,646)</u>	<u>1,170,330</u>	<u>1,702,215</u>	<u>2,863,899</u>
Ending of year	<u>\$ (34,424)</u>	<u>\$ 1,069,177</u>	<u>\$ 1,633,833</u>	<u>\$ 2,668,586</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended September 30, 2019

	<b>Gas Utility Fund</b>	<b>Waterworks Utility Fund</b>	<b>Sewerage Utility Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 259,714	\$ 242,065	\$ 291,846	\$ 793,625
Payments to suppliers for goods and services	(228,983)	(245,626)	(187,570)	(662,179)
Payments to employees for services and benefits	(108,742)	(194,807)	(45,488)	(349,037)
Other operating revenues	697	180	213	1,090
Net cash (used) provided by operating activities	<u>(77,314)</u>	<u>(198,188)</u>	<u>59,001</u>	<u>(216,501)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due to other funds	35,000	(85,000)	-	(50,000)
Due from other funds	-	128,000	(65,000)	63,000
Transfers in	60,000	190,000	95,980	345,980
Transfers out	-	-	(103,401)	(103,401)
Net cash provided (used) by noncapital financing activities	<u>95,000</u>	<u>233,000</u>	<u>(72,421)</u>	<u>255,579</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(5,037)	(10,057)	(5,037)	(20,131)
Interest expense	-	(6,596)	(4,344)	(10,940)
Repayment of revenue bonds	-	(6,376)	(47,975)	(54,351)
Net cash used by capital activities	<u>(5,037)</u>	<u>(23,029)</u>	<u>(57,356)</u>	<u>(85,422)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(21,179)	(654)	(2,620)	(24,453)
Interest income	85	33	196	314
Net cash used by investing activities	<u>(21,094)</u>	<u>(621)</u>	<u>(2,424)</u>	<u>(24,139)</u>
Increase (decrease) in cash	(8,445)	11,162	(73,200)	(70,483)
<b>CASH AND CASH EQUIVALENTS, including restricted cash</b>				
Beginning of period	53,303	81,613	275,770	410,686
End of period	<u>\$ 44,858</u>	<u>\$ 92,775</u>	<u>\$ 202,570</u>	<u>\$ 340,203</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

### STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

For the year ended September 30, 2019

	<b>Gas Utility Fund</b>	<b>Waterworks Utility Fund</b>	<b>Sewerage Utility Fund</b>	<b>Totals</b>
<b>RECONCILIATION OF CASH</b>				
Cash and cash equivalents	\$ 5,242	\$ 13,823	\$ 11,710	\$ 30,775
Restricted cash	39,616	78,952	190,860	309,428
Total cash	\$ 44,858	\$ 92,775	\$ 202,570	\$ 340,203
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating loss	\$ (89,417)	\$ (288,144)	\$ (56,813)	\$ (434,374)
Adjustments of operating income (loss):				
Depreciation	4,394	80,375	119,373	204,142
Non-employer pension contributions	3,554	3,554	-	7,108
Change in operating assets and liabilities:				
Accounts receivable	(1,169)	(373)	(1,509)	(3,051)
Prepaid assets	(5,328)	(5,300)	(3,524)	(14,152)
Customer deposits	(294)	(95)	-	(389)
Inventory	630	580	-	1,210
Accounts payable and accrued expenses	1,497	2,345	1,474	5,316
Unearned revenue	(50)	-	-	(50)
Net pension liability and related deferred inflows and outflows	8,869	8,870	-	17,739
Net cash provided (used) by operating activities	\$ (77,314)	\$ (198,188)	\$ 59,001	\$ (216,501)

Notes on Exhibit A-9 are an integral part of this statement.



# NOTES TO FINANCIAL STATEMENTS

# 2019





## TOWN OF WHITE CASTLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2019

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Statement Presentation**

The financial statements of the Town of White Castle, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant features of the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section is provided which includes an analysis of the Town’s overall financial position and results of operations;
- Financial statements are prepared using full accrual accounting for all of the Town’s activities, including infrastructure (roads, bridges, etc.); and
- Fund financial statements with a focus on the major funds.

##### **Reporting Entity**

These financial statements present the Town as the primary government. For financial reporting purposes, the Town is controlled by or dependent on the Town's executive or legislative branches (the Mayor or the Town Council, respectively). Other organizations that are controlled by or dependent upon the Town would be included in this financial statement as component units. Control by or dependence on the Town is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general obligations of the Town, obligations of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town. There are no component units included in this financial statement.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

*White Castle Housing Authority*

The following related organization, a quasi-public corporation, is not part of the Town and thus is excluded from the accompanying financial statements:

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the White Castle Housing Authority (the Authority) is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority 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 with HUD approval.

The Authority is a related organization of the Town of White Castle since the Town of White Castle appoints a voting majority of the Authority's governing board. The Town of White Castle is not financially accountable for the Housing Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the Town of White Castle. Accordingly, the Authority is not a component unit of the financial reporting entity of the Town of White Castle.

White Castle Housing Authority's operating and capital expenditures, including debt service, are financed from federal grants and tenant rentals. The Town has no involvement in the determination of the Authority's budget, rental rates, or any obligation for the Authority's outstanding debt and does not have the authority to remove board members or designate management. Financial transactions between the Town and the Authority, reported in the accompanying financial statements, reflect contractual agreements between the parties for the provision of specific services by the Town for the Authority. A financial statement for the Authority can be obtained from Mr. Don O'Bear, Executive Director, P.O. Box 58, White Castle, Louisiana 70788.

**Basis of Presentation**

The Town's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities for all activities of the primary government (the Town). As a general rule, the effect of interfund activity has been removed from these statements, though interfund services provided and used are not eliminated in the process of consolidation. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the government.

*Governmental activities* generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

*Business-type activities* are financed in whole or part by fees charged to external parties for utility services provided. The Town's gas, water, and sewer services are classified as business-type activities.

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

*Fund Financial Statements*

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB Statement 34. Emphasis is now on the major funds in either the governmental or business-type categories.

The daily operations of the Town continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

***Fund Financial Statements (continued)***

A fund is considered major if it is the primary operating fund of the Town (the General Fund) or meets the following criteria:

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled.

The various funds of the primary government presented in the financial statements are described as follows:

***Governmental Fund Types***

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused upon determining changes in financial position rather than net income. The following are the four governmental fund types of the Town:

***General Fund*** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

***Special Revenue Funds*** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Section 8 Fund is considered a nonmajor special revenue fund and accounts for resources granted by the Department of Housing and Urban Development (HUD) to provide housing assistance to low income families.

***Debt Service Funds*** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Sinking Fund is considered a major debt service fund whereas the Reserve Fund is considered a nonmajor debt service fund for reporting purposes.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

*Governmental Fund Types (continued)*

*Capital Projects Funds* - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The 2008 Capital Project Fund is considered a nonmajor capital project fund for reporting purposes.

*Proprietary Fund Types*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. There are two types of proprietary funds: enterprise and internal service; the Town does not have any internal service funds.

*Enterprise Funds* - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, that is, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All of the Town's enterprise funds have been considered major funds.

**Basis of Accounting and Measurement Focus**

*Government-wide financial statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied.

*Fund financial statements*

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities, and deferred inflows are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (continued)**

***Fund financial statements (continued)***

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues are recorded as earned since that is the time they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales tax, ad valorem tax, and federal and state aid and grants.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December, January, and February of the current fiscal year. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments and compensated absences, which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

**Cash and Cash Equivalents**

A consolidated bank account has been established into which most monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The account entitled "Cash and cash equivalents" is therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account as well as its pro rata share of certificates of deposit with maturities of three months or less and the Louisiana Asset Management Pool (LAMP) account. Investment earnings are shared by each fund on a pro rata basis according to its average cash balance.

In addition, separate accounts have been established for certain debt service funds as required by bond resolution and state law. The Town also has an imprest account for disbursements of payroll.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

The Town invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States treasury bonds, treasury notes, treasury bills, and fully collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town primarily utilizes the Louisiana Asset Management Pool to invest idle funds and records amounts invested at fair value.

Investments which are certificates of deposit with maturities in excess of three months are stated at cost, which is market value.

Investments with maturities of three months or less at the time of purchase are classified as cash equivalents.

**Accounts Receivable and Bad Debts**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. On the other hand, in proprietary fund types, uncollectible amounts due from utility billings are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. The allowance for doubtful accounts for the Gas, Waterworks, and Sewerage Funds was collectively \$16,339 as of September 30, 2019.

**Interfund Transactions**

During the course of operations numerous transactions occur between individual funds. Those related to short-term borrowings are classified as "due from other funds" or "due to other funds" on the balance sheet and result primarily from participation in the consolidated cash account. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. See Note 10 and 11 for details of interfund transactions, including receivables and payables at year-end. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Cash**

Restricted cash on the Statement of Net Position represents (1) amounts which have been designated to meet unexpected contingencies for property repairs and replacements, (2) funds held for customer deposits, and (3) funds held for retirement of water and sewer revenue bonds and/or public improvement bonds. Restricted cash consists of the following:

	Governmental				Total
	Activities	Gas	Waterworks	Sewerage	
Customer deposits	\$ -	\$ 39,616	\$ 33,227	\$ -	\$ 72,843
Restricted for debt service	155,125	-	31,744	83,784	270,653
Restricted for depreciation and contingencies	-	-	13,981	107,076	-
<b>Total restricted cash</b>	<b>\$ 155,125</b>	<b>\$ 39,616</b>	<b>\$ 78,952</b>	<b>\$ 190,860</b>	<b>\$ 343,496</b>

**Inventory**

In the primary government's governmental fund types, inventories of supplies are recorded as expenditures at the time of purchase.

Inventories related to the primary government's business-type activities are stated at cost that approximates market value using the first-in first-out method.

**Prepaid Expenses**

In the primary government's governmental fund types, insurance expenses are recorded as expenditures at the time of consumption.

**Capital Assets**

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

***Government-wide Statements***

In the government-wide financial statements, plant, property, and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, which are reported at acquisition value. Major outlays for capital assets and improvements are capitalized at completion of the construction projects. The Town's capitalization policy stipulates a capitalization threshold of \$1,000.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (continued)**

*Government-wide Statements (continued)*

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

Infrastructure assets are comprised of the streets and drainage maintained by the Town and have been valued at estimated historical cost or historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the capital assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	25 - 40 years
Equipment and vehicles	5 - 20 years
Improvements other than buildings	10 - 30 years
Infrastructure	20 - 40 years

*Fund Financial Statements*

In the fund financial statements capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Distribution systems	5 - 50 years
Machinery, meters, equipment and vehicles	5 years

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements and Proprietary Fund Net Position*

In the government-wide statement of net position and in the proprietary fund types' financial statements, long-term debt is reported as a liability. The long-term debt consists primarily of public improvement bonds, certificates of indebtedness for public improvements, capital leases, notes payable, and accrued compensated absences.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Long-term Debt (continued)

#### *Fund Financial Statements*

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Instead, the debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary fund debt is the same in the fund statements as it is in the government-wide statements.

### Compensated Absences

All full time employees of the Town are entitled to annual vacation and sick leave with pay. Vacation leave entitlement does not carry over at the end of a year. Employees are able to accrue unused sick leave without limitation; however, the Town is liable to pay only 30 days of unused sick leave upon retirement. The liability for these compensated absences is recorded as other accrued liabilities in the government-wide statements and proprietary fund. The current portion of this debt is estimated based on historical trends. In the fund financial statements, vacation and sick leave payments are included in expenditures for the General Fund, Gas and Water Utility Funds when the payments are made to employees. The proprietary funds present on an accrual basis the amount of earned but unused sick leave estimated to be payable in future periods.

### Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets. In 2016, the Town's governmental activities issued revenue refunding bonds to refund a previous bond issuance that was used to fund waterworks improvements in the Town's business-type activities and road improvements for the Town's governmental activities. The portion of debt used to fund waterworks improvements has been excluded from the net investment in capital assets calculation for the Town's governmental activities.
- Restricted net position—consist of net position that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

#### *Use of Restricted Resources*

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to reduce restricted net position followed by unrestricted net position.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Governmental Fund Balances**

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

- **Nonspendable:** Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted:** Amounts that can be spent only for specific purposes because of the Town Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed:** Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance.
- **Assigned:** Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- **Unassigned:** All amounts not included in other spendable classifications. The General Fund is the only fund that can have a positive unassigned fund balance.

### **Use of Restricted Fund Balance**

When an expenditure is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, 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 (expenditure) until then. The Town has two items that qualify for this category; pension liability and deferred loss on refunding, which are reported in the government-wide statement.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, 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) at that time. The Town has two items that qualify for this category; pension liability and unearned revenues. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Budget Policy and Budgetary Accounting**

A proposed budget is prepared by the Mayor and submitted to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget year.

The annual operating budget, prepared on the modified-accrual basis, covers the general, special revenue, debt service, and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

The financial transactions of the debt service funds are comparable to the budgeted revenues, expenditures and other financing sources (uses) adopted by the Town Council. Accordingly, individual budget comparisons are not presented in this financial report.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, prepaid insurance, deferred outflows and inflows of resources, and net pension liability.

### **Subsequent Events**

In preparing the financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, March 31, 2020, which was the date the financial statements were available to be issued.

## **NOTE 2 - CASH AND INVESTMENTS**

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. 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. As of September 30, 2019, the Town was not exposed to any custodial credit risk.

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

Deposit balances (bank balances) at September 30, 2019, were secured as follows:

	<u>Bank Balances</u>
Federal deposit insurance	\$ 602,898
Pledged securities in the Town's name	155,125
Funds not subject to categorization:	
Louisiana Asset Management Pool (LAMP)	424,242
 Bank Balances	 \$ 1,182,265

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The value of the portfolio is carried at amortized cost. As of September 30, 2019, the Town had a balance of \$424,241 invested in LAMP.

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

- Credit risk: LAMP is rated AAAM by Standard & Poor’s.
- Custodial risk: LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity’s investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is (NUMBER – days) from LAMP’s monthly Portfolio Holdings as of (DATE – month-end).
- Foreign currency risk: Not applicable.

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

Due from other governments at September 30, 2019, consists of the following:

Parish of Iberville, Louisiana – Sales Tax	\$ 436,683
Other	<u>591</u>
Total	<u>\$ 437,274</u>

**NOTE 4 - AD VALOREM TAXES**

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, be assessed at 15% of fair market value; and public service properties, excluding land, be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (La. R.S. 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All ad valorem taxes are recorded in governmental funds, as explained in Note 1 above, the revenues from which are recognized in the accounting period in which they become available and measurable. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue.

For the year ended September 30, 2019, taxes of 7.00 mills for the general fund were levied on property with assessed valuations totaling \$4,347,850. Total taxes assessed of \$30,435 were levied on November 10, 2018, and were due and payable prior to December 31, 2018.

(Continued)



**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for the primary government for the year ended September 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 321,833	\$ -	\$ -	\$ 321,833
Construction in progress	268,911	409,241	586,186	91,966
Total capital assets not being depreciated	<u>590,744</u>	<u>409,241</u>	<u>586,186</u>	<u>413,799</u>
<b>Capital assets being depreciated:</b>				
Building and improvements	2,548,959	-	7,472	2,541,487
Equipment and vehicles	2,722,111	50,533	303,689	2,468,955
Improvements other than buildings	628,618	233,120	7,926	853,812
Infrastructure	9,201,322	365,366	-	9,566,688
Total capital assets being depreciated	<u>15,101,010</u>	<u>649,019</u>	<u>319,087</u>	<u>15,430,942</u>
Less accumulated depreciation for:				
Building and improvements	1,500,239	49,776	7,472	1,542,543
Equipment and vehicles	2,273,118	131,328	303,689	2,100,757
Improvements other than buildings	546,431	53,243	7,926	591,748
Infrastructure	6,135,541	171,670	-	6,307,211
Total accumulated depreciation	<u>10,455,329</u>	<u>406,017</u>	<u>319,087</u>	<u>10,542,259</u>
Total capital assets being depreciated net of accumulated depreciation	<u>4,645,681</u>	<u>243,002</u>	<u>-</u>	<u>4,888,683</u>
Governmental activities capital assets, net	<u>\$ 5,236,425</u>	<u>\$ 652,243</u>	<u>\$ 586,186</u>	<u>\$ 5,302,482</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Streets and sanitation	\$ 95,414
Public safety	47,988
General government	60,545
Recreation	<u>202,070</u>
Total depreciation expense - governmental activities	<u>\$ 406,017</u>

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 40,588	\$ -	\$ -	\$ 40,588
<b>Capital assets being depreciated:</b>				
Distribution systems	7,499,258	-	38,428	7,460,830
Machinery, meters, equipment, and vehicles	777,440	20,131	180,035	617,536
Total capital assets being depreciated	8,276,698	20,131	218,463	8,078,366
Less accumulated depreciation for:				
Distribution systems	4,722,048	175,455	38,428	4,859,075
Machinery, meters, equipment and vehicles	694,027	28,687	180,035	542,679
Total accumulated depreciation	5,416,075	204,142	218,463	5,401,754
Total capital assets being depreciated net of accumulated depreciation	2,860,623	(184,011)	-	2,676,612
Business-type activities capital assets, net	\$ 2,901,211	\$ (184,011)	\$ -	\$ 2,717,200

**NOTE 6 - LONG-TERM DEBT**

**Debt Outstanding**

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2019:

	September 30, 2018	Additions	Reductions	September 30, 2019	Due Within One Year
<b>Governmental activities:</b>					
Public improvement bonds	\$ 2,560,000	\$ -	\$ 140,000	\$ 2,420,000	\$ 140,000
Premium on bond issuance	25,696	-	2,740	22,956	-
Installment purchase agreement	108,288	-	76,382	31,906	31,906
Net pension liability	539,777	71,198	66,628	544,347	-
Accrued sick leave	24,466	15,590	15,050	25,006	14,743
Total	\$ 3,258,227	\$ 86,788	\$ 300,800	\$ 3,044,215	\$ 186,649
<b>Business-type activities:</b>					
Net pension liability	\$ 230,983	\$ 33,703	\$ 28,852	\$ 235,834	\$ -
Revenue bonds	258,900	-	54,351	204,549	8,938
Accrued sick leave	26,285	5,963	5,963	26,285	5,550
Total	\$ 516,168	\$ 39,666	\$ 89,166	\$ 466,668	\$ 14,488

**NOTE 6 - LONG-TERM DEBT**

**Debt Outstanding (continued)**

The General fund has been used in prior years to liquidate the Town's net pension liabilities. Long-term debt obligations for the primary government for governmental activities at September 30, 2019, is comprised of the following:

***Public Improvement Bonds***

\$2,640,000 Public Improvement sales tax refunding bond dated March 2016, due in annual installments of \$51,575 to \$227,400 through 2033; interest at 1.5% to 4.0%. \$1,320,000 is dedicated for roads and improvements and \$1,320,000 is dedicated for waterworks improvements. The portion used to fund waterworks improvements have been excluded from the net investment in capital assets calculation for the Town's governmental activities. \$ 2,420,000

***Installment Purchase Agreement***

\$160,348 of proceeds for the purchase of police vehicles, due in quarterly installments of \$10,811 through July 2020, interest at 3.31%. 31,906

***Net pension liability*** 544,347

***Bond Premium, net of accumulated amortization*** 22,956

***Accrued sick leave*** 25,006

Total long-term debt from governmental activities \$ 3,044,215

Long-term debt for the primary government for business-type activities at September 30, 2019, is comprised of the following:

***Public Improvement Bond***

***Revenue Bonds***

\$98,000 Sewer Revenue Rehabilitation bonds secured by a pledge and dedication of sewer revenues, due in monthly installments through June 25, 2039; interest at 4.5%. 69,417

\$225,800 advanced on \$230,000 authorized Water Revenue bonds secured by a pledge and dedication of water revenues, due in monthly installments through March 20, 2038; interest at 4.75%. 135,132

***Net pension liability*** 235,834

***Accrued sick leave*** 26,285

Total long-term debt from business-type activities \$ 466,668

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Debt Outstanding (continued)**

**Debt Service Requirements to Maturity**

The annual requirements to amortize debt outstanding for governmental activities at September 30, 2019, are as follows:

Year	Public Improvement Bond		Installment Purchase Agreement		Total Government Activities Long-term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
	2020	140,000	84,725	31,906	528	171,906
2021	145,000	81,925	-	-	145,000	81,925
2022	150,000	77,575	-	-	150,000	77,575
2023	150,000	73,075	-	-	150,000	73,075
2024	155,000	68,575	-	-	155,000	68,575
2025-2029	860,000	264,000	-	-	860,000	264,000
2030-2033	820,000	83,400	-	-	820,000	83,400
Totals	<u>\$ 2,420,000</u>	<u>\$ 733,275</u>	<u>\$ 31,906</u>	<u>\$ 528</u>	<u>\$ 2,451,906</u>	<u>\$ 733,803</u>

The annual requirements to amortize debt outstanding for business-type activities at September 30, 2019, are as follows:

Year	Sewer Revenue Bonds		Water Revenue and Public Improvement Bonds		Total Business-type Long-term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$ 2,253	\$ 3,087	\$ 6,686	\$ 6,286	\$ 8,939
2021	2,355	2,984	7,010	5,962	9,365	8,946
2022	2,463	2,876	7,351	5,621	9,814	8,497
2023	2,577	2,763	7,708	5,264	10,285	8,027
2024	2,695	2,644	8,082	4,890	10,777	7,534
2025-2029	15,449	11,246	46,689	18,171	62,138	29,417
2030-2034	19,339	7,356	51,606	6,768	70,945	14,124
2035-2039	22,286	2,972	-	-	22,286	2,972
Totals	<u>\$ 69,417</u>	<u>\$ 35,928</u>	<u>\$ 135,132</u>	<u>\$ 52,962</u>	<u>\$ 204,549</u>	<u>\$ 88,890</u>

Normally debt issues are not retired prior to their maturity. For accounting purposes, interest coupons issued in connection with the sale of various bond issues become obligations and expenditures of the Town only with the passage of time. In addition, they represent fixed and determinable obligations which must be retired from future revenues.

There are no outstanding bonds secured by ad valorem taxes of the Town as of September 30, 2019.

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Bond Restrictions**

**Town of White Castle Sales Tax Revenue Bonds**

Under the terms of the indenture authorizing the issuance of Sales Tax Revenue Bonds – Series 2008 and 2016, proceeds of the 1% parish sales and use tax are pledged and dedicated for the establishment and maintenance of the following bond funds:

*Sales Tax Revenue Bond – Series 2008 – Sinking Fund* to be used for the payment of principal and interest on the outstanding bond as they are due and payable. Monthly payments are equal to the sum of one-sixth of interest falling due on the next interest payment date and one-twelfth of principal falling due on the next principal payment date.

*Sales Tax Revenue Bond – Series 2008 – Reserve Fund* to be used solely for the purpose of paying principal and interest on the bond payable from the Bond Sinking Fund in case of default. The sum of \$19,500 has been deposited into this fund to satisfy this requirement.

*Sales Tax Revenue Bond – Series 2016 – Sinking Fund* to be used for the payment of principal and interest on the outstanding bond as they are due and payable. Monthly payments are equal to the sum of one-sixth of interest falling due on the next interest payment date and one-twelfth of principal falling due on the next principal payment date.

*Sales Tax Revenue Bond – Series 2016 – Reserve Fund* to be used solely for the purpose of paying principal and interest on the bond payable from the Bond Sinking Fund in case of default. The sum of \$113,900 has been deposited into this fund to satisfy this requirement.

**Sewer Revenue Bonds**

In accordance with the indenture governing Sewerage Utility Fund Revenue Bonds, Series 1999, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewerage Enterprise Fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts. In addition, the Series 1999 bonds require the use of a separate construction account.
2. The Sewer Revenue Bond Fund requires monthly fund transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Sewer Revenue Bond Reserve Fund requires monthly transfers of \$338 until \$80,980 has been accumulated. This fund is restricted to payment of principal and interest in case of default. The sum of \$83,784 has been deposited into this fund to satisfy this requirement.

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

**Bond Restrictions (continued)**

**Sewer Revenue Bonds (continued)**

4. The Sewer Depreciation and Contingency Fund requires monthly transfers of \$369. The Fund is restricted to payments for unusual or extraordinary maintenance, repairs, replacement, extensions, and improvements that will either enhance its revenue-producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in either the Sewer Revenue Bond Fund or Sewer Revenue Bond Reserve Fund. The current balance of the fund is \$107,076.

The Town of White Castle has complied with the above conditions.

**Water Revenue Bonds**

In accordance with the indenture governing Water Utility Fund Revenue Bonds, cash is deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Water Enterprise Fund to be serviced by the earnings from the fund. Deposits are made to these trust accounts in accordance with the requirements of each.

1. The Water Revenue Fund requires all revenue derived from the operation of the system be deposited into the Water Revenue Fund. Required transfers are made on a monthly basis to designated trust accounts.
2. The Water Revenue Bond and Interest Sinking Fund requires monthly transfers from the Water Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Water Revenue Bond Reserve Fund requires monthly transfers of \$55 until \$12,972 has been accumulated. This fund is restricted to payment of principal and interest in case of default. The sum of \$13,981 has been deposited into this fund to satisfy this requirement.
4. The Water Depreciation and Contingency Fund requires monthly transfers of \$124. The fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. Such payments into the fund are to continue over the life of the bonds. The current balance of the fund is \$31,744.

The Town of White Castle has complied with the above restrictions.

## **NOTE 7 - DEFEASED DEBT**

During 2017, the Town issued refunding bonds of \$2,640,000 to partially defease its 2008 Sales Tax Revenue Bonds. The proceeds were deposited in an escrow account to provide future debt service on the 2008 revenue bonds until they are called on August 1, 2033. As a result, the 2008 revenue bonds are considered partially defeased, and the Town has removed the related liability from its accounts.

As of September 30, 2019, the amount of defeased debt outstanding but removed from the government-wide financial statements related to the 2008 Sales Tax Revenue Bonds is \$2,290,000.

The advanced refunding decreased total future debt service payments by approximately \$201,500, which resulted in an economic loss (difference between the present value of the debt service payments on the old and new debt) of approximately \$76,000.

## **NOTE 8 - DEDICATED REVENUES**

Proceeds of the Iberville Parish sales and use tax were dedicated to the following purposes as of September 30, 2019:

Opening, constructing, paving, and improving streets, sidewalks, roads and alleys; constructing bridges; purchasing or constructing water works, sewers, drains, drainage canals, pumping plants, sewerage disposal works, light and power plants, gas plants, halls, jails, fire department stations, hospitals, auditoriums, public parks, natatoriums, libraries, docks, wharves, river terminals, and other public buildings, including the necessary equipment and furnishings thereof; or for any one or more such purposes, or as budgeted.

Consistent with this dedication, sales tax revenues reported in the General Fund will be used to retire Public Improvement Bonds – Series 2008 and 2016. See Note 6.

## **NOTE 9 - PENSION PLAN**

The Town of White Castle (the Town) is a participating employer two cost sharing defined benefit pension plans. These plans are administered by the Municipal Employee's Retirement System of Louisiana (MERS) and Municipal Police Employee's 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 System issues an annual financial report that is available to the public which includes financial statements and required supplementary information for the Systems. These reports may be obtained by writing, calling, or downloading the reports as follows:

**MERS:** 7937 Office Park Boulevard | Baton Rouge, Louisiana 70809 | [www.mersla.com](http://www.mersla.com)  
**MPERS:** 7722 Office Park Boulevard | Baton Rouge, Louisiana 70809 | [www.lampers.org](http://www.lampers.org)

**NOTE 9 - PENSION PLAN (CONTINUED)**

**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 System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended September 30, 2019, there were 87 contributing municipalities in Plan A and 69 in Plan B. The Town of White Castle is a participant in Plan B only.

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

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability 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 September 30, 2019, for the Town and covered employees were as follows:

Plan	Town	Employees
MERS (Plan B)	14.00%	5.00%
MPERS	32.25%	8.00%



**NOTE 9 - PENSION PLAN (CONTINUED)**

The contributions made to the Systems for the past three fiscal years were as followed:

Plan	2019	2018	2017
MERS (Plan B)	\$ 62,798	\$ 67,446	\$ 52,244
MPERS	<u>20,902</u>	<u>20,570</u>	<u>24,906</u>
Total	<u>\$ 83,700</u>	<u>\$ 88,016</u>	<u>\$ 77,150</u>

**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 for based on the June 30, 2019 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 rate. The Town's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2019	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 589,584	0.6740%	0.6830%	-0.009%
MPERS	<u>190,597</u>	0.0210%	0.0229%	-0.002%
Total	<u>\$ 780,181</u>			

(Continued)

**NOTE 9 - PENSION PLAN (CONTINUED)**

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

The following schedule lists each pension plan's recognized pension expense (benefit) for the Town for the year ended September 30, 2019:

	Total
Municipal Employees' Retirement Fund	\$ 85,822
Municipal Police Employees' Retirement Fund	61,042
Total	\$ 146,863

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

	MERS	MPERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ -	\$ 400	\$ 400
Changes of assumptions	35,940	10,681	46,621
Net difference between projected and actual earnings on pension plan investments	62,098	12,383	74,481
Changes in proportion and differences between Employer contributions and proportionate share of contributions	8,201	48,760	56,961
Differences between allocated and actual contributions Employer contributions subsequent to the measurement date	-	-	-
	14,305	5,704	20,009
Total	\$ 120,544	\$ 77,928	\$ 198,472
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 26,151	\$ 5,864	\$ 32,015
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	14,855	30,500	45,355
Employer contributions subsequent to the measurement date	-	-	-
Total	\$ 41,006	\$ 36,364	\$ 77,370

**NOTE 9 - PENSION PLAN (CONTINUED)**

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

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 Fund	\$ 120,544	\$ 41,006
Municipal Police Employees' Retirement Fund	77,928	36,364
	\$ 198,472	\$ 77,370

The Town reported a total of \$37,604 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in net pension liability in the plan year ended June 30, 2019. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement Fund	\$ 14,305
Municipal Police Employees' Retirement Fund	5,704
	\$ 20,009

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	33,873	\$ 45,711	\$ 79,584
2021	17,698	(13,890)	3,808
2022	8,269	943	9,212
2023	5,393	3,096	8,489
	\$ 65,233	\$ 35,860	\$ 101,093

**Actuarial Assumptions**

**MERS**

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an experienced study, for the period July 2013 through June 30, 2018.

**MPERS**

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial finding valuation and were based on the results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014.

**NOTE 9 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

	Measurement/ Valuation Date	Expected Remaining Service Lives	Investment Rate of Return
<b>MERS</b>	June 30, 2019	3 years	7.000%; net of pension plan investment expense, including inflation
<b>MPERS</b>	June 30, 2019	4 years	7.125%; net of investment expense

***Mortality:***

**MERS**

Mortality rates based on the PubG-2010(B) Healthy Retiree Table was selected for active member. The PubG-2010(B) Healthy Retiree Table was selected for healthy annuitants and beneficiaries. The PubNS-2010(B) Disabled Retiree Table was selected for disabled annuitants.

**MPERS**

Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. The RP- 2000 Disabled Lives Mortality Table was selected for disabled annuitants

***Salary Increases:***

**MERS**

Years of Service	Salary Growth Rate
1-4	7.4%
Over 4	4.9%

**MPERS**

Years of Service	Salary Growth Rate
1-2	9.75%
3-23	4.75%
Over 23	4.25%

**NOTE 9 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

*Cost of Living Adjustments:*

**MERS**

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.

**MPERS**

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.

**Discount Rate**

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

**MERS**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.7% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.0% for the plan year ended June 30, 2019.

(Continued)

**NOTE 9 - PENSION PLAN (CONTINUED)**

**Discount Rate (Continued)**

**MPERS**

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 2.75% inflation of and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.89% for the plan year ended June 30, 2019.

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

Asset Class	Target Allocation		Long - Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public Equity	50%	-	2.15%	-
Equity	-	48%	-	3.28%
Public Fixed Income	35%	-	1.51%	-
Fixed Income	-	34%	-	0.80%
Alternatives	15%	18%	0.64%	1.06%
Other	-	-	-	-
Total	<u>100%</u>	<u>100%</u>	<u>4.30%</u>	<u>5.14%</u>
Inflation			<u>2.70%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>7.89%</u>

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 were 7% and 7.125%, respectively for the year ended June 30, 2019.

(Continued)

**NOTE 9 - PENSION PLAN (CONTINUED)**

**Sensitivity of the Employer's Proportionate Share of 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<b>MERS</b>			
Discount Rates	6.00%	7.00%	8.00%
Shares of Net Pension Liability	\$ 785,764	\$ 589,584	\$ 423,669
<b>MPERS</b>			
Discount Rates	6.125%	7.125%	8.125%
Shares of Net Pension Liability	\$ 265,565	\$ 190,597	\$ 127,707

**NOTE 10 - INTERFUND RECEIVABLE AND PAYABLE BALANCES**

Interfund balances at September 30, 2019, were as follows:

	Interfund	
	<u>Receivable</u>	<u>Payable</u>
<b>Governmental Activities</b>		
General Fund:		
Gas Utility Fund:	\$ 170,000	\$ -
Water Utility Fund	-	150,000
2008 Sinking Fund	235,000	-
Capital Projects Fund	-	250,000
2008 Reserve Fund	-	50,000
2008 Reserve Fund:		
2008 Sinking Fund	60,000	-
Water Utility Fund	98,000	-
General Fund	50,000	-
2008 Sinking Fund:		
General Fund	-	235,000
Water Utility Fund	122,000	-
2008 Reserve Fund	-	60,000
Capital Projects Fund:		
General Fund	<u>250,000</u>	<u>-</u>
Total governmental funds	<u>\$ 985,000</u>	<u>\$ 745,000</u>
<b>Proprietary Funds:</b>		
Gas Utility Fund:		
General Fund	\$ -	\$ 170,000
Water Utility Fund	150,000	-
Sewer Utility Fund	-	35,000
Water Utility Fund:		
2008 Reserve Fund	-	98,000
2008 Sinking Fund	-	122,000
Sewer Utility Fund	-	280,000
Gas Utility Fund	-	150,000
General Fund	150,000	-
Sewer Utility Fund:		
Gas Utility Fund	35,000	-
Water Utility Fund	<u>280,000</u>	<u>-</u>
Total proprietary funds	<u>615,000</u>	<u>855,000</u>
Total primary government	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>

The interfund balances are related to short-term borrowing between funds that is expected to be repaid within the next fiscal year. Balances are typically associated with expenses paid on behalf of one fund through another, where repayment has not yet been made.



**NOTE 11 - INTERFUND TRANSFERS**

**Interfund Transfers**

Interfund transfers for the year ended September 30, 2019, were as follows:

	Transfers	
	In	Out
<b>Governmental funds:</b>		
General Fund:		
Water Utility Fund	\$ -	\$ 180,000
Sewer Utility Fund	-	15,000
Gas Utility Fund	-	60,000
2008 Sales Tax Sinking Fund	-	176,000
2008 Sales Tax Sinking Fund:		
1% Sales Tax Fund	188,421	-
Total governmental funds	188,421	431,000
<b>Proprietary funds:</b>		
Gas Utility Fund:		
2008 Sales Tax Sinking Fund	60,000	-
Sewer Utility Fund:		
Water Utility Fund	-	10,000
General Fund	15,000	-
2008 Sales Tax Sinking Fund	-	12,421
Water Utility Fund:		
Sewer Utility Fund	10,000	-
General Fund	180,000	-
Total proprietary funds	265,000	22,421
	\$ 453,421	\$ 453,421

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service funds from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 12 - COMPENSATION TO GOVERNING BODY**

The Town compensated the members of the Town's Council as follows:

Councilmembers' terms ending December 31, 2018:	
Kipp Knight	\$ 2,774
Elliot Martin	2,978
Shalanda Allen	3,150
Barbara O'Bear	<u>2,653</u>
	<u>\$ 11,555</u>
Councilmembers' terms ending December 31, 2022:	
Kipp Knight	\$ 8,321
Erick Batiste	7,047
Candice Depron	7,411
Melissa Allen	7,612
Barbara O'Bear	<u>7,958</u>
	<u>\$ 38,349</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

**Litigation**

Several suits arising from operation of the police department have been filed against the Town. The cases are covered by insurance; however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of Town management that the ultimate resolution of such litigation will not have a material effect on the financial position of the Town. The Town is vigorously defending these matters.

**Grants and Loans**

The Town receives federal, state and local grants and loans for specific purposes that are subject to audit by the funding agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the agreement. It is the opinion of Town management that the Town's compliance with the terms of the agreements will result in no disallowed costs.

**Risk Management**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the past three years.

# REQUIRED SUPPLEMENTARY INFORMATION

2019





**TOWN OF WHITE CASTLE, LOUISIANA**  
**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes:				
Sales	\$ 2,085,000	\$ 2,350,000	\$ 2,419,483	\$ 69,483
Ad valorem	32,500	32,500	30,643	(1,857)
Public utility franchise	27,000	23,500	22,544	(956)
Video poker	15,000	15,000	9,433	(5,567)
Cable T.V. franchise	16,000	15,000	13,262	(1,738)
Beer	3,000	3,000	2,497	(503)
Licenses and permits	85,000	85,000	79,771	(5,229)
Intergovernmental:				
Grants	461,600	37,600	8,210	(29,390)
Local housing authority	28,000	29,500	27,922	(1,578)
Fines	70,000	61,000	51,769	(9,231)
Other:				
Lease and royalty	24,000	16,000	18,238	2,238
Interest	25,000	20,000	19,711	(289)
Miscellaneous	<u>10,000</u>	<u>14,500</u>	<u>4,757</u>	<u>(9,743)</u>
Total revenues	<u>2,882,100</u>	<u>2,702,600</u>	<u>2,708,240</u>	<u>5,640</u>
<b>EXPENDITURES</b>				
Current function:				
General government	683,619	713,519	779,106	(65,587)
Public safety	707,634	726,934	719,517	7,417
Streets and sanitation	425,433	526,833	604,208	(77,375)
Recreation	60,500	85,300	116,979	(31,679)
Debt service	59,250	55,250	80,977	(25,727)
Capital outlay	<u>724,600</u>	<u>498,650</u>	<u>472,074</u>	<u>26,576</u>
Total expenditures	<u>2,661,036</u>	<u>2,606,486</u>	<u>2,772,861</u>	<u>(166,375)</u>
Excess (deficiency) of revenues over expenditures	221,064	96,114	(64,621)	(160,735)
<b>OTHER FINANCING USES</b>				
Proceeds from sale of fixed asset	-	2,500	2,495	(5)
Transfers out	<u>(431,000)</u>	<u>(431,000)</u>	<u>(431,000)</u>	<u>-</u>
Total other financing uses	<u>(431,000)</u>	<u>(428,500)</u>	<u>(428,505)</u>	<u>(5)</u>
Net change in fund balance	<u>\$ (209,936)</u>	<u>\$ (332,386)</u>	(493,126)	<u>\$ (160,740)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>1,117,700</u>	
End of year			<u>\$ 624,574</u>	

Notes on B-1 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended September 30, 2019

**NOTE 1 - BUDGETS**

**Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget.

The annual operating budget, prepared on the modified accrual basis, covers the general, special revenue, debt service, capital project, and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

**Basis of Accounting**

All of the Town's budgets are prepared on the modified accrual basis of accounting.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Expenditures Exceeding Appropriations**

Excess of expenditures over appropriations in individual funds or departments within the fund occurred as follows:

	Revised Budget		Actual (GAAP Basis)		Excess over Budget
	<u>          </u>		<u>          </u>		<u>          </u>
<b>Governmental Fund:</b>					
General Fund:					
General government	\$ 713,519	\$	779,106	\$	(65,587)
Streets and sanitation	526,833		604,208		(77,375)
Recreation	85,300		116,979		(31,679)
Debt service	55,250		80,977		(25,727)

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS (1)(2)**

**As of the fiscal year ended (2):**

	<b>2019</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.6739%	0.0210%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 589,584	\$ 190,597
Employer's Covered Payroll	\$ 515,652	\$ 47,124
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	114.34%	404.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.68%	71.01%

**As of the fiscal year ended (2):**

	<b>2018</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.6830%	0.0229%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 577,458	\$ 193,302
Employer's Covered Payroll	\$ 561,456	\$ 60,399
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	102.85%	320.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.60%	71.88%

**As of the fiscal year ended (2):**

	<b>2017</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.6454%	0.0279%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 558,404	\$ 243,378
Employer's Covered Payroll	\$ 486,678	\$ 72,337
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	114.74%	336.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.08%	63.49%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of the Plan's prior June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS (1)(2)**

**As of the fiscal year ended (2):**

	<b>2016</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.7180%	0.0023%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 595,116	\$ 21,520
Employer's Covered Payroll	\$ 509,077	\$ 6,023
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	116.90%	357.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.34%	66.04%

**As of the fiscal year ended (2):**

	<b>2015</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.7000%	0.0000%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 476,062	\$ -
Employer's Covered Payroll	\$ 486,021	\$ -
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	97.95%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.71%	0.00%

*(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.*

*(2) The amounts presented have a measurement date of the Plan's prior June 30th fiscal year end.*

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System



**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**

LAST TEN FISCAL YEARS (1)

	2019	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 62,798	\$ 20,902
Contributions in Relation to Contractually Required Contribution	<u>72,130</u>	<u>20,902</u>
Contribution Deficiency (Excess)	\$ (9,332)	\$ -
Employer's Covered Payroll	448,559	64,313
Contributions as a % of Covered Payroll	14.00%	32.50%
	2018	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 67,310	\$ 19,766
Contributions in Relation to Contractually Required Contribution	<u>67,310</u>	<u>19,766</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	508,000	59,448
Contributions as a % of Covered Payroll	13.25%	33.25%
	2017	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 52,244	\$ 24,906
Contributions in Relation to Contractually Required Contribution	<u>52,244</u>	<u>24,906</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	474,945	73,796
Contributions as a % of Covered Payroll	11.00%	33.75%

*(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.*

The three Retirement Systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

See Independent Auditors' Report

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**

LAST TEN FISCAL YEARS (1)

	2016	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 49,955	\$ 7,588
Contributions in Relation to Contractually Required Contribution	49,955	7,588
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	509,077	24,090
Contributions as a % of Covered Payroll	9.81%	31.50%
	2015	
	MERS (Plan B)	MPERS
Contractually Required Contribution	\$ 48,019	\$ -
Contributions in Relation to Contractually Required Contribution	46,172	-
Contribution Deficiency (Excess)	\$ 1,847	\$ -
Employer's Covered Payroll	505,465	-
Contributions as a % of Covered Payroll	9.13%	-

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

The three Retirement Systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

**TOWN OF WHITE CASTLE, LOUISIANA**

**NOTES TO SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION  
LIABILITY AND SCHEDULE OF PENSION CONTRIBUTIONS**

For the year ended September 30, 2019

**NOTE 1 – NET PENSION LIABILITY**

**Changes of Benefit Terms**

**Municipal Employees' Retirement System (Plan B)**

No changes.

**Municipal Police Employees' Retirement System**

No changes.

**Changes of Assumptions**

**Municipal Employees' Retirement System (Plan B)**

In 2019, the investment rate of return and inflation rate decreased from 7.275% to 7.0% and 2.6% to 2.5%, respectively. In 2018, the investment rate of return and inflation rate decreased from 7.400% to 7.275% and 2.775% to 2.6%, respectively. In addition, in 2018, the expected remaining services lives decreased from 4 to 3 years.

**Municipal Police Employees' Retirement System**

In 2019, the investment rate of return and inflation rate decreased from 7.20% to 7.125% and 2.6% to 2.5%, respectively. In 2018, the investment rate of return and inflation rate decreased from 7.325% to 7.20% and 2.7% to 2.6%, respectively.



# INDIVIDUAL FUND STATEMENTS

2019





## TOWN OF WHITE CASTLE, LOUISIANA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Nonmajor</u>
	<u>Section 8</u>	<u>Reserve Fund</u>	<u>2008 Capital Project Fund</u>	<u>Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,672	\$ 30,434	\$ 35,695	\$ 82,801
Due from other funds	-	208,000	250,000	458,000
Total assets	<u>\$ 16,672</u>	<u>\$ 238,434</u>	<u>\$ 285,695</u>	<u>\$ 540,801</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other	\$ 16,672	-	-	\$ 16,672
<b>FUND BALANCE</b>				
Restricted for:				
Debt service	-	238,434	-	238,434
Capital projects	-	-	285,695	285,695
Total fund balance	-	238,434	285,695	524,129
Total deferred inflows of resources and fund balance	<u>\$ 16,672</u>	<u>\$ 238,434</u>	<u>\$ 285,695</u>	<u>\$ 540,801</u>

**TOWN OF WHITE CASTLE, LOUISIANA**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2019

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Nonmajor</u>
	<u>Section 8</u>	<u>Reserve Fund</u>	<u>2008 Capital Project Fund</u>	<u>Governmental Funds</u>
<b>REVENUES</b>				
Intergovernmental	\$ 50,831	\$ -	\$ -	\$ 50,831
Interest	<u>1,388</u>	<u>-</u>	<u>-</u>	<u>1,388</u>
Total revenues	<u>52,219</u>	<u>-</u>	<u>-</u>	<u>52,219</u>
<b>EXPENDITURES</b>				
Current function				
Public health	<u>52,219</u>	<u>-</u>	<u>-</u>	<u>52,219</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>-</u>	<u>238,434</u>	<u>285,695</u>	<u>524,129</u>
End of year	<u>\$ -</u>	<u>\$ 238,434</u>	<u>\$ 285,695</u>	<u>\$ 524,129</u>



**TOWN OF WHITE CASTLE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF DEPARTMENTAL EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT</b>				
Salaries	\$ 140,220	\$ 152,220	\$ 163,802	\$ (11,582)
Payroll taxes	20,000	20,000	19,045	955
Municipal retirement	17,300	16,500	15,032	1,468
Employees' insurance	62,000	66,000	61,234	4,766
Insurance	90,000	80,000	120,974	(40,974)
Legal fees	66,500	47,500	44,373	3,127
Emergency preparedness - animal control	44,000	46,500	46,176	324
Travel	52,999	56,499	46,961	9,538
Professional services	30,000	36,500	39,920	(3,420)
Utilities and telephone	17,000	22,000	28,669	(6,669)
Publishing	9,000	12,000	22,094	(10,094)
Maintenance contracts	21,000	31,000	38,415	(7,415)
Maintenance - building	8,000	13,500	13,854	(354)
Postage	6,000	6,000	6,388	(388)
Computer services	10,000	9,600	10,059	(459)
Bank fees	5,300	6,300	10,630	(4,330)
Dues and subscriptions	7,800	3,700	2,931	769
Maintenance - equipment and vehicle	5,000	5,000	3,560	1,440
Other	58,600	66,100	69,416	(3,316)
Coroner	2,000	4,000	3,838	162
Commissioners	1,500	3,000	2,445	555
Printing	9,000	8,000	7,267	733
Drug testing	400	1,600	2,023	(423)
Total general government	<u>683,619</u>	<u>713,519</u>	<u>779,106</u>	<u>(65,587)</u>

**TOWN OF WHITE CASTLE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF DEPARTMENTAL EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC SAFETY</b>				
Police				
Salaries	\$ 442,534	\$ 439,534	\$ 431,605	\$ 7,929
Payroll taxes	36,500	33,500	34,757	(1,257)
Municipal retirement	30,000	20,000	20,902	(902)
Employees' insurance	95,000	105,000	98,271	6,729
Maintenance - vehicle	4,500	5,250	5,792	(542)
Vehicle fuel	7,500	8,250	8,043	207
Travel	10,500	12,100	14,039	(1,939)
Telephone	7,000	7,000	7,594	(594)
Computer services	10,000	16,000	6,039	9,961
Jail house	-	750	-	750
Maintenance contracts	5,000	4,250	9,156	(4,906)
Maintenance - building	3,000	4,500	4,309	191
Court fees	5,500	4,000	3,997	3
Field supplies	1,000	1,750	9,371	(7,621)
Dues and subscriptions	1,000	500	353	147
Drug testing	800	800	390	410
Printing	2,000	1,250	1,122	128
Consulting	-	2,650	2,650	-
Clothing	3,000	1,400	927	473
Total police	<u>664,834</u>	<u>668,484</u>	<u>659,317</u>	<u>9,167</u>
Volunteer fire				
Salary supplement	19,200	22,400	22,561	(161)
Maintenance - vehicle	4,000	20,000	20,094	(94)
Maintenance - building	-	4,600	4,653	(53)
Maintenance - equipment	200	4,000	3,726	274
Vehicle insurance	2,600	2,200	2,187	13
Telephone	1,200	2,400	3,319	(919)
Vehicle fuel	600	750	970	(220)
Equipment testing	15,000	-	18	(18)
Materials & supplies	-	1,350	1,308	42
Printing	-	750	728	22
Maintenance contracts	-	-	636	(636)
Total volunteer fire	<u>42,800</u>	<u>58,450</u>	<u>60,200</u>	<u>(1,750)</u>
Total public safety	<u>707,634</u>	<u>726,934</u>	<u>719,517</u>	<u>7,417</u>

**TOWN OF WHITE CASTLE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF DEPARTMENTAL EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>STREETS AND SANITATION</b>				
Salaries	\$ 171,733	\$ 177,233	\$ 186,073	\$ (8,840)
Payroll taxes	16,800	15,400	15,997	(597)
Municipal retirement	25,000	18,000	21,118	(3,118)
Employees' insurance	57,000	62,000	55,624	6,376
Utilities	70,000	77,500	79,376	(1,876)
Maintenance - street	30,000	126,000	217,398	(91,398)
Maintenance - vehicle	10,000	10,000	10,042	(42)
Vehicle fuel	9,000	9,500	9,798	(298)
Equipment rental	34,500	27,000	4,515	22,485
Drug testing	200	600	489	111
Other	1,200	3,600	3,778	(178)
Total streets and sanitation	<u>425,433</u>	<u>526,833</u>	<u>604,208</u>	<u>(77,375)</u>
<b>RECREATION</b>				
Salaries	20,800	21,600	23,227	(1,627)
Payroll Taxes	1,700	1,700	1,618	82
Utilities	33,000	36,000	36,954	(954)
Maintenance	5,000	26,000	55,180	(29,180)
Total recreation	<u>60,500</u>	<u>85,300</u>	<u>116,979</u>	<u>(31,679)</u>
<b>DEBT SERVICE</b>	59,250	55,250	80,977	(25,727)
<b>CAPITAL OUTLAY</b>	<u>724,600</u>	<u>498,650</u>	<u>472,074</u>	<u>26,576</u>
Total expenditures	<u>\$ 2,661,036</u>	<u>\$ 2,606,486</u>	<u>\$ 2,772,861</u>	<u>\$ (166,375)</u>

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SINKING FUND - MAJOR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Other				
Interest	\$ 650	\$ 3,050	\$ 3,599	\$ 549
<b>EXPENDITURES</b>				
Debt service	176,000	176,000	227,525	(51,525)
Deficiency of revenues over expenditures	(175,350)	(172,950)	(223,926)	(50,976)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	176,000	176,000	188,421	12,421
Net change in fund balance	<u>\$ 650</u>	<u>\$ 3,050</u>	(35,505)	<u>\$ (38,555)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>35,505</u>	
End of year			<u>\$ -</u>	

**TOWN OF WHITE CASTLE, LOUISIANA  
RESERVE FUND - NONMAJOR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Interest	\$ 100	\$ 200	\$ -	\$ (200)
Net change in fund balance	<u>\$ 100</u>	<u>\$ 200</u>	-	<u>\$ (200)</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>238,434</u>	
End of year			<u>\$ 238,434</u>	

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SECTION 8 - NONMAJOR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental				
HUD receipts	\$ 71,500	\$ 71,500	\$ 50,831	\$ (20,669)
Interest	<u>          -</u>	<u>          -</u>	<u>      1,388</u>	<u>      1,388</u>
Total revenues	<u>      71,500</u>	<u>      71,500</u>	<u>      52,219</u>	<u>      (19,281)</u>
<b>EXPENDITURES</b>				
Public health				
Rent and utility assistance	63,000	63,000	46,645	16,355
Section 8 - URP	1,500	1,500	-	1,500
Administrative	<u>      7,000</u>	<u>      7,000</u>	<u>      5,574</u>	<u>      1,426</u>
Total expenditures	<u>      71,500</u>	<u>      71,500</u>	<u>      52,219</u>	<u>      19,281</u>
Net change in fund balance	<u>\$          -</u>	<u>\$          -</u>	-	<u>\$          -</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>          -</u>	
End of year			<u>\$          -</u>	

**TOWN OF WHITE CASTLE, LOUISIANA  
2008 CAPITAL PROJECT FUND - NONMAJOR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>285,695</u>	
End of year			<u>\$ 285,695</u>	

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO AGENCY HEAD**

For the year ended September 30, 2019

**Agency Head: John Morris, Mayor (January 1, 2019 - September 30, 2019)**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 37,149
Vehicle provided by government	12,132
Benefits - retirement	3,529
Travel	1,037
Benefits - insurance	2,514
Per diem	672
	<u>\$ 57,033</u>

**Agency Head: Gerald Williams, Mayor (October 1, 2018 - December 31, 2018)**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 13,686
Vehicle provided by government	4,044
Benefits - retirement	1,300
Travel	1,728
Benefits - insurance	838
Per diem	368
Reimbursements	2,418
	<u>\$ 24,382</u>



**TOWN OF WHITE CASTLE, LOUISIANA**

**SCHEDULE OF UTILITY  
CUSTOMERS**

September 30, 2019  
(Without Audit)

Records maintained by the Town indicated the number of residential and commercial users for both water and sewer systems at September 30, 2019 were as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>
Residential	752	696	428
Commercial	53	41	23

At September 30, 2019, the Town was charging a \$15.38 commercial and a \$12.82 residential base fee with \$3.00 for each thousand gallons consumed for water usage. In addition, a \$25.63 commercial and a \$13.48 residential base fee with \$2.00 commercial and \$1.90 residential fee for each thousand gallons treated was charged as a sewerage fee.

At September 30, 2019, the aging of accounts receivable for the enterprise funds was as follows:

Current	\$	93,263
31-60 days		27,198
61-90 days		16,976
Over 90 days		34,941
Allowance for doubtful accounts		(25,685)
	\$	<u>146,693</u>

## TOWN OF WHITE CASTLE, LOUISIANA

## SCHEDULE OF INSURANCE IN FORCE

September 30, 2019

(Without Audit)

<u>Issuer</u>	<u>Type of Insurance</u>	<u>Property Covered and Location</u>	<u>Insurance</u>	<u>Expiration Date</u>
LA Municipal Risk Management Agent	Automobile	24 Automobiles	500,000	May 1, 2020
	Commercial general liability	Premises operations, general	500,000	May 1, 2020
		Products and completed operations	500,000	May 1, 2020
		Medical payments	10,000/per accident	May 1, 2020
		Fire legal liability	50,000/per occurrence	May 1, 2020
	Law enforcement liability	Enforcement officers	500,000	May 1, 2020
	Public officials' errors and omissions liability	Public officials' errors and omissions	500,000	May 1, 2020
	Workers compensation	Eligible employees	statutory	January 1, 2020
Scottsdale Insurance Company	Commercial property	Sewage plant, 31540 Hwy. 405	560,000	April 12, 2020
	Fire and extended coverage	Water tower, 33060 Bowie St.	232,000	April 12, 2020
		Water treatment building	150,000	
		Garage	56,000	
		Storage building	50,000	
		Chlorine Injector	15,000	
	Fire and extended coverage	Police and Fire Station, 32535 Bowie St.	300,000	April 12, 2020
		Storage shed, 32535 Bowie St.	11,000	April 12, 2020
	Fire and extended coverage	Jail house, 32535 Rear Bowie	120,000	April 12, 2020
	Fire and extended coverage	Fire station, 32055 Hwy. 405	81,000	April 12, 2020
Fire and extended coverage	Council on Aging building, 55050 Latino St	145,000	April 12, 2020	
Fire and extended coverage	Town Hall, 32515 Bowie St.	800,000	April 12, 2020	
Fire and extended coverage	Sewage station, 54940 Cambre St.	96,000	April 12, 2020	
Fire and extended coverage	Fitness Park, 32540 Bowie St.	150,000	April 12, 2020	
	Gazebo	55,000		
Fire and extended coverage	Rec Center, 32711 Bowie St.	1,200,000	April 12, 2020	
	Cummins Generator	70,000		
Rod Prejean & Associates, Inc.	Automobile	Ford Explorer w/ equipment	25,974	February 5, 2020
		Ford Explorer w/ equipment	25,974	
		Ford Explorer w/ equipment	25,974	

# STATISTICAL SECTION

# 2019





# TOWN OF WHITE CASTLE, LOUISIANA

## STATISTICAL SECTION (UNAUDITED)

September 30, 2019

This section, which is composed of accounting and non-accounting data, is presented in order to provide the reader with additional information as an aid to understanding the financial activities of the governmental unit.

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Tax Revenues By Source, Governmental Funds, Last Ten Fiscal Years	D-6	88
<b><u>Revenue Capacity Information</u></b> - <i>These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax collections. Property tax collections are not significant to the Town. However, certain schedules considered useful relating to property taxes are included.</i>		
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## TOWN OF WHITE CASTLE, LOUISIANA

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)(accrual basis of accounting)  
(in thousands)

	FISCAL YEAR			
	2019	2018	2017	2016
Governmental activities				
Net investment in capital assets	\$ 4,038	\$ 3,822	\$ 3,533	\$ 3,363
Restricted	509	544	528	523
Unrestricted	(876)	(370)	618	933
Total governmental activities net position	<u>3,671</u>	<u>3,996</u>	<u>4,679</u>	<u>4,819</u>
Business-type activities				
Net investment in capital assets	2,513	2,642	2,687	2,709
Restricted	237	231	224	217
Unrestricted	(81)	(9)	2	58
Total business-type activities net position	<u>2,669</u>	<u>2,864</u>	<u>2,913</u>	<u>2,984</u>
Primary government				
Net investment in capital assets	5,340	5,184	4,923	4,757
Restricted	746	775	752	740
Unrestricted	254	901	1,917	2,306
Total primary government net position	<u>\$ 6,340</u>	<u>\$ 6,860</u>	<u>\$ 7,592</u>	<u>\$ 7,803</u>

(1) Net position restated due to implementation of GASB 68.

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

(accrual basis of accounting)  
(in thousands)

FISCAL YEAR						
2015	2014 (1)	2013	2012	2011	2010	
\$ 3,811	\$ 2,275	\$ 1,729	\$ 2,062	\$ 2,428	\$ 2,464	
551	550	569	545	542	1,146	
1,543	1,514	1,420	1,046	864	640	
5,905	4,339	3,718	3,653	3,834	4,250	
1,598	1,691	1,768	1,881	2,025	1,433	
211	174	173	173	173	163	
160	134	160	270	402	859	
1,969	1,999	2,101	2,324	2,600	2,455	
5,409	3,966	3,497	3,943	4,453	3,897	
762	724	742	718	715	1,309	
1,703	1,648	1,580	1,316	1,266	1,499	
\$ 7,874	\$ 6,338	\$ 5,819	\$ 5,977	\$ 6,434	\$ 6,705	

## TOWN OF WHITE CASTLE, LOUISIANA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)(accrual basis of accounting)  
(in thousands)

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>										
Governmental activities										
General government	\$ 880	\$ 875	\$ 715	\$ 913	\$ 720	\$ 568	\$ 554	\$ 548	\$ 729	\$ 732
Public safety	821	741	731	626	621	632	654	657	635	514
Streets and sanitation	700	702	627	509	518	583	491	494	540	526
Public works	-	-	-	-	-	-	-	-	487	192
Public health	52	63	61	80	67	59	51	60	65	49
Culture and recreation	319	275	245	202	101	64	69	63	65	52
Interest on long-term debt	92	87	102	123	77	79	80	83	84	85
Total governmental activities	<u>2,864</u>	<u>2,743</u>	<u>2,481</u>	<u>2,453</u>	<u>2,104</u>	<u>1,985</u>	<u>1,899</u>	<u>1,905</u>	<u>2,605</u>	<u>2,150</u>
Business-type activities										
Gas	348	357	346	333	301	341	312	297	365	333
Waterworks	534	500	519	556	494	529	492	510	504	462
Sewerage	354	365	380	368	328	322	338	358	385	357
Total business-type activities	<u>1,236</u>	<u>1,222</u>	<u>1,245</u>	<u>1,257</u>	<u>1,123</u>	<u>1,192</u>	<u>1,142</u>	<u>1,165</u>	<u>1,254</u>	<u>1,152</u>
Total primary government expenses	<u>4,100</u>	<u>3,965</u>	<u>3,726</u>	<u>3,710</u>	<u>3,227</u>	<u>3,177</u>	<u>3,041</u>	<u>3,070</u>	<u>3,859</u>	<u>3,302</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	82	94	84	93	71	73	77	88	76	77
Public safety	52	71	122	70	33	19	31	29	36	34
Culture and recreation	-	-	11	-	-	-	-	-	-	-
Operating grants and contributions	53	63	60	79	67	60	134	59	70	55
Capital grants and contributions	8	-	78	26	1,580	899	1	25	262	4
Total governmental activities program revenues	<u>195</u>	<u>228</u>	<u>355</u>	<u>268</u>	<u>1,751</u>	<u>1,051</u>	<u>243</u>	<u>201</u>	<u>444</u>	<u>170</u>
Business-type activities										
Charges for Services										
Gas	258	257	240	235	303	372	309	282	289	447
Waterworks	239	236	235	234	241	242	240	246	240	220
Sewerage	293	279	293	304	290	290	283	277	286	308
Capital grants and contributions	-	-	-	-	-	-	-	-	501	215
Total business-type activities program revenues	<u>790</u>	<u>772</u>	<u>768</u>	<u>773</u>	<u>834</u>	<u>904</u>	<u>832</u>	<u>805</u>	<u>1,316</u>	<u>1,190</u>
Total primary government total revenues	<u>985</u>	<u>1,000</u>	<u>1,123</u>	<u>1,041</u>	<u>2,585</u>	<u>1,955</u>	<u>1,075</u>	<u>1,006</u>	<u>1,760</u>	<u>1,360</u>



**CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

(accrual basis of accounting)  
(in thousands)

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net revenue (expense):										
Governmental activities	\$ (2,669)	\$ (2,515)	\$ (2,126)	\$ (2,184)	\$ (353)	\$ (934)	\$ (1,655)	\$ (1,704)	\$ (2,161)	\$ (1,980)
Business-type activities	(446)	(450)	(477)	(484)	(289)	(288)	(309)	(360)	62	38
Total primary government net revenue (expense)	<u>(3,115)</u>	<u>(2,965)</u>	<u>(2,603)</u>	<u>(2,668)</u>	<u>(642)</u>	<u>(1,222)</u>	<u>(1,964)</u>	<u>(2,064)</u>	<u>(2,099)</u>	<u>(1,942)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes:										
Ad Valorem	31	32	32	32	31	30	33	34	33	20
Sales	2,419	2,041	2,250	2,442	2,027	1,998	1,837	1,494	1,680	1,775
Video Poker	9	8	13	7	12	11	9	12	15	8
Franchise	36	37	37	38	39	41	39	35	39	39
Other	3	3	2	2	3	3	3	3	6	2
Unrestricted grants and contributions	36	34	15	33	28	21	23	15	34	28
Investment earnings	25	29	17	10	1	3	5	1	11	3
Proceeds from insurance	-	-	-	-	-	5	-	3	3	-
Miscellaneous	28	28	-	21	52	-	-	-	-	-
Transfers to other funds	(243)	(380)	(380)	(1,487)	(258)	(330)	(152)	(75)	(75)	(75)
Total governmental activities general revenues	<u>2,344</u>	<u>1,832</u>	<u>1,986</u>	<u>1,098</u>	<u>1,935</u>	<u>1,782</u>	<u>1,797</u>	<u>1,522</u>	<u>1,746</u>	<u>1,800</u>
Business-type activities										
Unrestricted grants and contributions	8	21	26	7	12	-	9	-	-	-
Investment earnings	-	-	-	-	-	-	-	2	8	6
Special Item-loss	-	-	-	5	-	7	-	7	-	-
Transfers from other funds	243	380	380	1,487	258	330	152	75	75	75
Total business-type activities general revenues	<u>251</u>	<u>401</u>	<u>406</u>	<u>1,499</u>	<u>270</u>	<u>337</u>	<u>161</u>	<u>84</u>	<u>83</u>	<u>81</u>
Total primary government general revenues	<u>2,595</u>	<u>2,233</u>	<u>2,392</u>	<u>2,597</u>	<u>2,205</u>	<u>2,119</u>	<u>1,958</u>	<u>1,606</u>	<u>1,829</u>	<u>1,881</u>
<b>Change in Net Position</b>										
Governmental activities	<u>(325)</u>	<u>(683)</u>	<u>(140)</u>	<u>(1,086)</u>	<u>1,582</u>	<u>848</u>	<u>142</u>	<u>(182)</u>	<u>(415)</u>	<u>(180)</u>
Business-type activities	<u>(195)</u>	<u>(49)</u>	<u>(71)</u>	<u>1,015</u>	<u>(19)</u>	<u>49</u>	<u>(148)</u>	<u>(276)</u>	<u>145</u>	<u>119</u>
Total change in net position	<u>\$ (520)</u>	<u>\$ (732)</u>	<u>\$ (211)</u>	<u>\$ (71)</u>	<u>\$ 1,563</u>	<u>\$ 897</u>	<u>\$ (6)</u>	<u>\$ (458)</u>	<u>\$ (270)</u>	<u>\$ (61)</u>

**TOWN OF WHITE CASTLE, LOUISIANA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

(accrual basis of accounting)  
(in thousands)

Fiscal Year	Ad Valorem Taxes	Sales Taxes	Franchise Taxes	Other Taxes	Total
2019	\$ 31	\$ 2,419	\$ 36	\$ 12	\$ 2,498
2018	32	2,041	37	11	2,121
2017	32	2,250	37	15	2,334
2016	32	2,442	38	9	2,521
2015	31	2,027	39	15	2,112
2014	30	1,998	41	3	2,072
2013	33	1,837	39	12	1,921
2012	34	1,494	35	15	1,578
2011	33	1,680	39	21	1,773
2010	20	1,775	39	10	1,844

Source: Town of White Castle

**TOWN OF WHITE CASTLE, LOUISIANA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

(modified accrual basis of accounting)  
(in thousands)

Fiscal Year	GENERAL FUND			ALL OTHER GOVERNMENTAL FUNDS		
	Nonspendable	Unassigned	Total	Committed	Restricted	Total all other Governmental Funds
2019	\$ 66	\$ 559	\$ 625	\$ -	\$ 524	\$ 524
2018	26	1,092	1,118	-	560	560
2017	39	2,018	2,057	-	555	555
2016	32	2,289	2,321	-	552	552
2015	39	1,799	1,838	-	550	550
2014	36	1,733	1,769	-	550	550
2013	31	1,439	1,470	-	549	549
2012	30	974	1,004	-	545	545

Fiscal Year	GENERAL FUND			ALL OTHER GOVERNMENTAL FUNDS				
	Unreserved	Reserved	Total	Reserved*	Unreserved Reported in Special Revenue Funds	Unreserved Reported in Debt Service Funds	Unreserved Reported in Capital Project Funds	Total all other Governmental Funds
2011	30	787	817	-	-	-	542	542
2010	17	-	17	1,021	1,283	-	-	2,304

\*Debt Service Funds.

All fund balances in Debt Service Funds are reserved to pay future debt service.

**NOTE:**

Due to the implementation of GASB 54 on a prospective basis in 2011 and increases to beginning restricted net position resulting from the application of existing accounting principles, the illustrated comparisons of the Town's prior year government wide net position and governmental fund balances presented will not represent actual changes.

**TOWN OF WHITE CASTLE, LOUISIANA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

(modified accrual basis of accounting)  
(in thousands)

	FISCAL YEAR			
	2019	2018	2017	2016
<b>REVENUES</b>				
Taxes	\$ 2,498	\$ 2,121	\$ 2,321	\$ 2,515
Intergovernmental	87	92	151	134
Licenses and permits	80	85	77	93
Fines	52	71	122	70
Miscellaneous revenues	47	57	35	31
Total revenues	<u>2,764</u>	<u>2,426</u>	<u>2,706</u>	<u>2,843</u>
<b>EXPENDITURES</b>				
Current				
General government	779	786	633	690
Public safety	720	646	619	594
Streets and sanitation	604	614	451	336
Public works	-	-	-	-
Public health	52	63	60	79
Culture and recreation	117	84	81	39
Debt service				
Principal	216	167	145	60
Interest	92	99	104	106
Bond issuance costs	-	-	-	117
Capital outlay	472	521	550	311
Total expenditures	<u>3,052</u>	<u>2,980</u>	<u>2,643</u>	<u>2,332</u>
Excess (deficiency) of revenues over expenditures	<u>(288)</u>	<u>(554)</u>	<u>63</u>	<u>511</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	188	176	178	218
Proceeds from sale of fixed assets	3	-	-	-
Proceeds from insurance	-	-	-	-
Proceeds from installment purchase agreements	-	-	53	205
Proceeds from issuance of refunded debt	-	-	-	2,640
Premium on issuance	-	-	-	32
Payment to refunded bond agent	-	-	-	(1,413)
Transfers out	(431)	(556)	(558)	(1,705)
Total other financing sources and uses	<u>(240)</u>	<u>(380)</u>	<u>(327)</u>	<u>(23)</u>
Net change in fund balances	<u>\$ (528)</u>	<u>\$ (934)</u>	<u>\$ (264)</u>	<u>\$ 488</u>
Debt service as a percentage of noncapital expenditures	11.9%	10.8%	11.9%	8.2%

FISCAL YEAR						
2015	2014	2013	2012	2011	2010	
\$ 2,099	\$ 2,072	\$ 1,912	\$ 1,566	\$ 1,758	\$ 1,849	
1,712	970	151	96	356	107	
70	73	77	88	76	77	
33	19	31	29	36	34	
20	24	21	17	36	27	
<u>3,934</u>	<u>3,158</u>	<u>2,192</u>	<u>1,796</u>	<u>2,262</u>	<u>2,094</u>	
601	484	470	452	666	446	
517	520	539	542	519	496	
344	393	302	283	326	384	
-	-	-	-	487	192	
68	59	50	60	66	49	
33	17	27	19	19	20	
43	40	40	35	35	34	
77	79	81	87	84	92	
-	-	-	-	-	-	
1,925	939	61	55	951	705	
<u>3,608</u>	<u>2,531</u>	<u>1,570</u>	<u>1,533</u>	<u>3,153</u>	<u>2,418</u>	
<u>326</u>	<u>627</u>	<u>622</u>	<u>263</u>	<u>(891)</u>	<u>(324)</u>	
-	120	125	175	183	1,925	
-	-	-	-	-	-	
-	4	-	2	3	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
(258)	(450)	(277)	(250)	(258)	(2,000)	
<u>(258)</u>	<u>(326)</u>	<u>(152)</u>	<u>(73)</u>	<u>(72)</u>	<u>(75)</u>	
<u>\$ 68</u>	<u>\$ 301</u>	<u>\$ 470</u>	<u>\$ 190</u>	<u>\$ (963)</u>	<u>\$ (399)</u>	
7.1%	7.5%	8.0%	8.3%	5.4%	7.4%	

**TOWN OF WHITE CASTLE, LOUISIANA**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

(modified accrual basis of accounting)  
(in thousands)

Fiscal Year	Ad Valorem Taxes	Sales Taxes	Franchise Taxes	Other Taxes	Total
2019	\$ 31	\$ 2,419	\$ 36	\$ 12	\$ 2,498
2018	32	2,041	37	11	2,121
2017	32	2,250	37	15	2,334
2016	32	2,442	38	9	2,521
2015	31	2,027	39	15	2,112
2014	30	1,998	41	3	2,072
2013	33	1,837	39	3	1,912
2012	34	1,494	35	3	1,566
2011	33	1,680	43	3	1,759
2010	32	1,775	39	2	1,848

Source: Town of White Castle

**TOWN OF WHITE CASTLE, LOUISIANA**

**PROPERTY TAX RATES AND TAX LEVIES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN CALENDAR YEARS**  
**(UNAUDITED)**

Fiscal Year	Town of White Castle			Overlapping Rates				Total Direct and Overlapping Rates
	General Purpose	Total Town Millage	Law Enforcement	School Board	Iberville Parish Government	Assessment District	Levee District	
2019	7.00	7.00	22.00	57.83	22.68	2.06	4.04	115.61
2018	7.00	7.00	22.00	57.83	22.68	2.06	4.04	115.61
2017	7.00	7.00	22.00	57.83	22.68	2.06	3.52	115.09
2016	7.00	7.00	22.00	57.83	22.56	2.06	4.04	115.49
2015	7.00	7.00	22.00	57.83	22.56	2.06	3.47	114.92
2014	7.00	7.00	22.00	57.83	22.56	2.06	3.47	114.92
2013	7.00	7.00	22.00	57.83	22.56	2.06	3.47	114.92
2012	7.00	7.00	22.00	56.66	19.68	2.06	3.52	110.92
2011	7.00	7.00	22.00	56.66	21.18	2.06	3.67	112.57
2010	5.65	5.65	22.00	56.66	19.84	2.06	3.67	109.88

The tax levies represent the original levy of the Assessor and exclude the homestead exemption amounts.

All taxes are billed when assessment rolls are filed during the month of November of the current tax year. Taxes become delinquent on January 1 of the following year. Penalty for delinquent taxes is 1% per month. No discounts are allowed for taxes, and there is no provision for partial payments.

Source: Audited financial statements of each municipality shown above.

**TOWN OF WHITE CASTLE, LOUISIANA**

**SALES TAX REVENUES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

(modified accrual basis of accounting)

Fiscal Year	2% Parish General	1% Parish General	Total
2019	\$ 1,782,758	\$ 636,725	\$ 2,419,483
2018	1,502,475	538,561	2,041,036
2017	1,658,310	591,172	2,249,482
2016	1,803,416	638,373	2,441,789
2015	1,494,605	532,236	2,026,841
2014	1,472,607	525,717	1,998,324
2013	1,349,977	487,030	1,837,007
2012	1,095,386	398,358	1,493,744
2011	1,231,104	448,900	1,680,004
2010	1,302,880	472,393	1,775,273

The following is a summary of sales and use taxes being collected within the Town of White Castle as of September 30, 2019:

Iberville Parish Council	3.00%
Iberville Parish School Board	2.00%
State Rate	<u>5.00%</u>
<b>Total Rate</b>	<b><u>10.00%</u></b>

The Parish of Iberville collects the sales and use tax which is shared with certain municipalities on a pro-rata basis based on population.

Source: Iberville Parish Sales Tax Department



**TOWN OF WHITE CASTLE, LOUISIANA**  
**TAXABLE SALES BY CATEGORY - GENERAL SALES AND USE TAX**  
**LAST TEN FISCAL YEARS (1)**  
**(UNAUDITED)**  
(modified accrual basis of accounting)  
(in thousands)

Primary Taxpayers by Industry	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Manufacturer of chemicals	\$ 527,575	\$ 446,990	\$ 376,030	\$ 533,317	\$ 303,072	\$ 538,882	\$ 398,210	\$ 407,495	\$ 555,261	\$ 451,723
Industrial equipment sales	127,432	133,401	61,344	101,849	44,996	69,003	77,657	51,835	57,495	44,812
Grocery stores	39,030	39,953	20,642	41,348	20,631	38,401	37,586	37,090	37,315	36,152
Department stores & dry goods	49,827	46,419	21,677	38,818	18,893	36,621	37,595	37,965	37,657	39,397
Lumber, building materials stores	28,082	25,130	26,319	26,928	16,152	17,777	15,943	21,086	21,878	28,461
Miscellaneous - others	<u>183,518</u>	<u>421,656</u>	<u>239,067</u>	<u>342,596</u>	<u>182,207</u>	<u>331,732</u>	<u>298,441</u>	<u>238,550</u>	<u>137,580</u>	<u>148,776</u>
	<u>\$ 955,464</u>	<u>\$ 1,113,550</u>	<u>\$ 745,081</u>	<u>\$ 1,084,857</u>	<u>\$ 585,951</u>	<u>\$ 1,032,417</u>	<u>\$ 865,432</u>	<u>\$ 794,020</u>	<u>\$ 847,186</u>	<u>\$ 749,320</u>

Source Relevant information was not available for the Town of White Castle Data presented is for the Iberville Parish Government

(1) Data not available for 2019

## TOWN OF WHITE CASTLE, LOUISIANA

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

(full accrual basis of accounting)  
(in thousands, except per capita amount)

Fiscal Year	Governmental Activities Debt		Business-Type Debt		Total Primary Government	Percentage of Personal Income	(1) Debt Per Capita
	Public Improvement Bonds	Installment Purchase Agreements	Public Improvement Bonds	Revenue Bonds			
2019	\$ 2,443	\$ 32	\$ -	\$ 205	\$ 2,680	195.37%	\$ 1,559
2018	2,586	108	-	259	2,953	221.45%	1,708
2017	2,674	190	50	338	3,252	251.44%	1,848
2016	2,759	200	98	414	3,471	276.70%	1,929
2015	1,340	-	1,340	486	3,166	260.21%	1,731
2014	1,382	-	1,382	554	3,318	273.19%	1,802
2013	1,423	-	1,423	620	3,466	299.59%	1,852
2012	1,463	-	1,463	682	3,608	325.57%	1,939
2011	1,500	-	1,500	741	3,741	351.37%	1,996
2010	1,535	-	1,535	798	3,868	350.89%	2,054

(1) Bureau of Economic Analysis for Iberville Parish.

Balances above exclude compensated absences

**TOWN OF WHITE CASTLE, LOUISIANA**

**COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
(UNAUDITED)**

September 30, 2019  
(in thousands)

Jurisdiction	Debt Outstanding	(2) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Town direct debt	\$ 2,680	100%	\$ 2,680
<u>Overlapping -other government agencies (1):</u>			
Iberville Parish School Board (3)	\$ 36,664	1%	\$ 367
Iberville Parish Government (4)	<u>18,818</u>	1%	<u>188</u>
Total other government agencies	<u>\$ 55,482</u>		<u>\$ 555</u>
Total direct and overlapping			<u>\$ 3,235</u>
2019 population estimate			<u>1,723</u>
Per capita			<u>\$ 1,877</u>

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. The schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of White Castle. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Parish's taxable assessed value that is within the Town's boundaries and dividing it by the Parish's taxable assessed value.

(3) Source: 2018 Basic Financial Statements

(4) Source: 2018 Comprehensive Annual Financial Report

## TOWN OF WHITE CASTLE, LOUISIANA

LEGAL DEBT MARGIN CALCULATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Year	Assessed Value	Any One Purpose	Aggregate All Purposes (1)	Debt Outstanding (2)	Legal Debt Margin	Legal Debt Margin to Aggregate Debt Limit
2019	\$ 4,347,850	\$ 434,785	\$ 1,521,748	\$ -	\$ 1,521,748	0.00%
2018	4,384,430	438,443	1,534,551	-	1,534,551	0.00%
2017	4,394,880	439,488	1,538,208	-	1,538,208	0.00%
2016	4,363,230	436,323	1,527,131	-	1,527,131	0.00%
2015	4,300,630	430,063	1,505,221	-	1,505,221	0.00%
2014	4,260,210	426,021	1,491,074	-	1,491,074	0.00%
2013	4,581,510	458,151	1,603,529	-	1,603,529	0.00%
2012	4,437,670	443,767	1,553,185	-	1,553,185	0.00%
2011	4,536,960	453,696	1,587,936	-	1,587,936	0.00%
2010	4,525,100	452,510	1,583,785	-	1,583,785	0.00%

Source: Town of White Castle Financial Reports

- (1) Legal debt limit is 35% of the total assessed value of taxable property (10% of the assessed value of taxable property for any one purpose).
- (2) There was no indebtedness secured by ad valorem taxes.

# TOWN OF WHITE CASTLE, LOUISIANA

## PLEGGED REVENUE COVERAGE LAST TEN FISCAL YEARS (UNAUDITED) (full accrual basis of accounting)

### SCHEDULE A - REVENUE BONDS-SALES TAX-ROAD IMPROVEMENT

Year	(1)		Available for Debt Service	Debt Service Requirements			Coverage
	Gross Revenue	Expenses		Principal	Interest	Total	
	2019	\$ 636,725		\$ -	\$ 636,725	\$ 140,000	
2018	538,561	-	538,561	85,000	90,800	175,800	3.06
2017	591,172	-	591,172	82,500	93,938	176,438	3.35
2016	638,373	-	638,373	55,000	104,999	159,999	3.99
2015	532,236	-	532,236	42,500	77,136	119,636	4.45
2014	525,717	-	525,717	40,000	79,136	119,136	4.41
2013	487,030	-	487,030	40,000	80,936	120,936	4.03
2012	398,358	-	398,358	37,500	82,530	120,030	3.32
2011	448,900	-	448,900	35,000	84,017	119,017	3.77
2010	472,393	-	472,393	35,000	85,505	120,505	3.92

### SCHEDULE B - REVENUE BONDS - WATER REVENUES - WATER FUND

Year	(2)		Available for Debt Service	Debt Service Requirements			Coverage
	Gross Revenue	(3) Expenses		Principal	Interest	Total	
	2019	\$ 429,159		\$ 446,928	\$ (17,769)	\$ 6,376	
2018	436,144	396,888	39,256	56,081	9,641	65,722	0.60
2017	543,255	413,818	129,437	53,299	12,536	65,835	1.97
2016	1,754,268	378,763	1,375,505	50,531	82,865	133,396	10.31
2015	545,649	320,725	224,924	47,775	85,033	132,808	1.69
2014	630,993	351,320	279,673	45,030	87,078	132,108	2.12
2013	441,894	313,660	128,234	44,798	89,110	133,908	0.96
2012	373,513	324,637	48,876	42,076	90,924	133,000	0.37
2011	364,736	328,746	35,990	39,364	92,625	131,989	0.27
2010	345,546	320,202	25,344	39,161	94,316	133,477	0.19

### SCHEDULE B - REVENUE BONDS - SEWER REVENUES - SEWER FUND

Year	(2)		Available for Debt Service	Debt Service Requirements			Coverage
	Gross Revenue	(3) Expenses		Principal	Interest	Total	
	2019	\$ 308,568		\$ 231,008	\$ 77,560	\$ 47,975	
2018	399,078	238,035	161,043	73,492	7,430	80,922	1.99
2017	293,268	250,101	43,167	69,924	11,055	80,979	0.53
2016	304,932	219,955	84,977	66,531	14,449	80,980	1.05
2015	282,136	171,285	110,851	63,302	17,678	80,980	1.37
2014	271,936	163,129	108,807	60,229	20,750	80,979	1.34
2013	270,487	172,565	97,922	57,309	23,674	80,983	1.21
2012	278,240	189,095	89,145	54,524	30,181	84,705	1.05
2011	285,990	245,959	40,031	51,878	29,103	80,981	0.49
2010	307,688	224,932	82,756	49,360	31,621	80,981	1.02

- (1) Town of White Castle - 2009 1% sales and use tax fund which is reported within the General Fund  
 (2) Utility revenues and transfers from other tax funds  
 (3) Operating expenses less depreciation

**TOWN OF WHITE CASTLE, LOUISIANA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**  
**(UNAUDITED)**

Year	(1) Iberville Parish Population	(1) Town of White Castle Population	(2) Personal Income (thousands)	(2) Per Capita Personal Income	(1) Unemployment Rate
2019	32,721	1,723	\$ 1,374,844	\$ 42,017	5.7
2018	33,027	1,729	1,333,476	40,375	5.8
2017	33,327	1,760	1,293,353	38,808	6.2
2016	32,290	1,799	1,254,438	38,849	6.9
2015	33,229	1,829	1,216,693	36,615	6.9
2014	33,367	1,841	1,214,526	36,399	7.8
2013	33,228	1,871	1,156,905	34,817	8.4
2012	33,230	1,861	1,108,196	33,349	9.5
2011	33,362	1,874	1,064,675	31,913	10.4
2010	33,505	1,883	1,102,353	32,901	10.0

Source:

(1) U.S. Department of Commerce, Bureau of the Census and U.S. Beacon.com.

(2) Iberville Parish Council Financial Report.

2019 Amounts are estimated based on historical trends and are subject to change.

**TOWN OF WHITE CASTLE, LOUISIANA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND TEN YEARS AGO**  
**(UNAUDITED)**

2019(1)		
Employer	Number of Employees	Percent of total
Dow Chemical Company	2,200	38%
La Dept. of Safety and Corrections	1,200	21%
Syngenta Crop Protection, Inc.	700	12%
Axiall, LLC	300	5%
Maintenance Enterprise II, Inc	300	5%
Crown Enterprises	250	5%
Diamond Plastic Corp	250	4%
Walmart Super Center	220	4%
Louisiana State University System	205	4%
Olin Chlor Alkali Products	160	3%
	5,785	100%

2010(2)		
Employer	Number of Employees	Percent of total
Dow Chemical Company	1,500	35%
Iberville Parish School Board	675	15%
Georgia Gulf	370	9%
Syngenta	340	8%
HBT	300	7%
Iberville Parish Council	270	6%
Total Petrochemicals USA, Inc.	244	6%
Wal-Mart	220	5%
Olin Chlor Alkali Products	160	4%
Shintech	160	4%
	4,239	100%

(1) Source: 2018 Iberville Parish Council CAFR.

(2) Source: 2010 Iberville Parish Council CAFR

**TOWN OF WHITE CASTLE, LOUISIANA**  
**FULL-TIME EQUIVALENT EMPLOYEES**  
**BY FUND/DEPARTMENT**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**Full-time Equivalent Employees Allotted in Annual Budget**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	9	10	10	8	11	11	8	8	10	10
Police Department	8	14	13	12	12	15	12	14	17	17
Street Maintenance	6	6	6	6	6	6	6	6	6	6
Gas Utility	3	2	2	3	3	3	2	2	3	3
Water Utility	4	3	3	2	2	2	1	1	3	3
Sewer Utility	1	1	1	1	1	1	1	1	1	1
Total employees	31	36	35	32	35	38	30	32	40	40

Source: Town of White Castle



**TOWN OF WHITE CASTLE, LOUISIANA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Function:</b>										
Public Safety:										
Police:										
Traffic violations	491	1,700	1,339	1,040	151	300	316	371	364	338
Administration:										
Occupational licenses	287	282	316	332	301	308	322	332	302	337
Building permits - single family	-	-	-	-	-	-	4	9	-	1
Transportation:										
Town street maintenance program:										
Number of miles maintained	7	7	7	7	7	7	7	7	7	7
Miles of concrete roads	3	3	3	3	3	3	3	3	3	3
Miles of asphalt roads	4	4	4	4	4	4	4	4	4	4
Utility service:										
Natural Gas:										
Number of users	451	451	456	461	455	487	452	488	486	474
Water:										
Number of users	752	751	751	762	755	769	769	763	767	750
Wastewater:										
Number of users	737	736	747	744	742	756	757	749	752	738
Drainage:										
Miles of drainage ditches maintained - non-curb	8	8	8	8	8	8	8	8	8	8
Miles of drainage ditches maintained - curbed	6	6	6	6	6	6	6	6	6	6
Culture-Recreation:										
Parks:										
Number of parks maintained	5	5	5	4	4	4	4	4	4	4

Source: Town of White Castle

**TOWN OF WHITE CASTLE, LOUISIANA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Major Programs	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Number of general government buildings	2	2	2	2	2	2	2	2	2	2
Number of vehicles	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police:										
Number of vehicles	5	5	5	5	5	5	5	5	4	4
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of vehicles	3	3	3	3	3	3	3	3	3	3
Streets and Sanitation:										
Number of vehicles	5	5	5	5	5	5	5	5	5	5
Miles of streets	7	7	7	7	7	7	7	7	7	7
Utilities:										
Number of natural gas distribution systems	1	1	1	1	1	1	1	1	1	1
Number of water distribution systems	1	1	1	1	1	1	1	1	1	1
Number of sanitary sewer systems	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Number of parks	5	5	5	4	4	4	4	4	4	4
Number of community centers	2	2	2	2	2	1	1	1	1	1

Source: Town of White Castle

# SPECIAL INDEPENDENT AUDITORS' REPORTS

# 2019







# J. WALKER & COMPANY<sup>APC</sup>

ACCOUNTANTS AND ADVISORS

## 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*

Honorable John Morris, Mayor  
and Members of the Board of Aldermen  
Town of White Castle, 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, and the aggregate remaining fund information of the Town of White Castle, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of White Castle, Louisiana's basic financial statements and have issued our report thereon dated March 12, 2020.

### Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented; or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items [2019-01, 2019-03] to be material weaknesses.

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#### MEMBER OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of White Castle, Louisiana'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 matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items [2019-02, 2019-04, 2019-05, 2019-06].

### **Town of White Castle, Louisiana's Response to Findings**

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

### **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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*J. Walker & Company, APC*

Lake Charles, Louisiana

March 12, 2020



# TOWN OF WHITE CASTLE, LOUISIANA

## Schedule of Findings and Responses For the Year Ended September 30, 2019

### I Summary of Auditors' Results

#### a. Financial Statements

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of White Castle, Louisiana.
2. There were two (2) control deficiencies disclosed during the audit of the financial statements and reported in the *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*. Both of these deficiencies are reported as a material weakness.
3. There were four (4) instances of noncompliance that are reported in the *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*.

#### b. Management Letter

1. No management letter was issued in connection with the audit for the year ended September 30, 2019.

TOWN OF WHITE CASTLE, LOUISIANA

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

II Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2019-01 Credit Card Transactions

Fiscal Year Finding Originated: 2018

Condition:

A sample of transactions were selected from all of the Town's credit card transactions. The Town was unable to provide documentation relating to the business purpose for some of the transactions sampled. It was not clear what the business purpose and use of the 56 out of 56 credit card charges were. Transactions charged to credit cards (Dollar Tree, Wal-Mart, Sam's Club, Amazon, and Apple iTunes) and were without receipts/documentation; the business purpose of the purchases was not clear.

Criteria:

The Town's credit card policy requires that the Town's credit card be used only for the Town's business and may be used for lodging, conference registration, car rental, and other expenses provided the expenses are related to Town business.

Cause:

The importance of documentation and adherence to restrictions and requirements on the use of the Town's credit cards was not properly emphasized.

Effect:

Expenditures may be made without a clear business purpose relating to the Town.

Recommendation:

Town should strengthen controls to ensure that transactions have a clear business purpose. The Town should emphasize with credit card holders the importance of proper usage of the credit card in accordance with the Town's credit card policy.

Response:

See Management's Response Letter.



## TOWN OF WHITE CASTLE, LOUISIANA

### Schedule of Findings and Responses For the Year Ended September 30, 2019

#### **2019-02 Past Due Utility Accounts**

Fiscal Year Finding Originated: Unknown

Condition:

The Town had a past due utility account balances from certain elected officials at certain times during the fiscal year ending September 30, 2019. During the year, the utility accounts for some elected officials were up to 3 months past due. Several elected officials had outstanding past due utility account balances throughout the fiscal period.

Criteria:

Article VII, Section 14(A) of the Louisiana Constitution of 1974 – Prohibited uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Cause:

Current utility bills were not paid in full as they became due. Additionally, enforcement measures such as the suspension of water and gas services were not consistently applied.

Effect:

Continuing to provide utility services to delinquent accounts can cause the Town to not comply with Article VII, Section 14(A) of the Louisiana Constitution of 1974.

Recommendation:

The Town of White Castle should monitor the past due accounts to ensure that all customers, including elected officials and employees, are paying utility bills in full as they become due. The suspension of services should be enforced for all customers.

Response:

See Management's response letter.

#### **2019-03 No Authorization for Overtime Payments to Town employees**

Fiscal Year Finding Originated: 2018

Condition:

Overtime payments are being made to Town employees with no documented authorization of the overtime. In one instance, an office clerk received more than 404 hours of overtime payments during the

## TOWN OF WHITE CASTLE, LOUISIANA

### Schedule of Findings and Responses For the Year Ended September 30, 2019

fiscal period totaling \$10,004 in additional compensation to the employee. The Town was unable to provide documentation authorizing the overtime or purpose for the overtime.

#### **2019-03 No Authorization for Overtime Payments to Town employees, continued**

##### Criteria

Absent an ordinance or human resource manual/handbook in place that gives specific information relative to overtime pay; the mayor or authorized department head should provide written authorization for the overtime. In our review, no evidence/documentation was provided authorizing the overtime paid to Town employees.

##### Cause:

Lack of controls regarding proper authorization and approval of overtime payments can potentially result in improper use of public funds.

##### Effect:

Employee received \$10,004 in overtime wages in addition to their regular wages without any written authorization or documentation indicating the reason or purpose for the overtime.

##### Recommendation:

Town of White Castle should adhere to Louisiana Law, Lawrason Act and Labor Laws relative to use of overtime for hourly and salaried employees. The Mayor should exercise responsibility for pre-authorizing overtime for administrative staff and/or approving overtime.

##### Response:

See Management's response letter.

#### **2019-04 Quarterly Audits of Traffic Citations**

Fiscal Year Finding Originated: Unknown.

##### Condition:

Town officials failed to conduct quarterly audits of all traffic citations as required by state law.

TOWN OF WHITE CASTLE, LOUISIANA

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

**2019-04 Quarterly Audits of Traffic Citations, continued**

Criteria:

State law 32:3983.3(B) provides that each record of traffic citations shall be audited quarterly by the appropriate fiscal officer of the governmental agency to which the traffic enforcement agency is responsible. The White Castle Police Department records division employees conduct quarterly reviews of all traffic citations; however, this information is not provided to the Town Clerk (fiscal officer) for review. It is recommended that the quarterly audit of traffic tickets be conducted by the Town Clerk (fiscal officer) as required by state law.

Cause:

The Town Clerk is required to conduct on a quarterly basis an audit of traffic tickets.

Effect:

Failure to conduct quarterly audits of all traffic citations is a violation of state law.

Recommendation:

We recommend a quarterly audit of traffic tickets be conducted by the Town Clerk as required by state law. We recommend that Town officials establish procedures and controls to monitor compliance with state law when processing traffic citations and ensure that each traffic citation written is sent to the proper authorities.

Response:

See Management's response letter.

**2019-05 Failure to Collect Reconnection Fees Due to the Town**

Fiscal Year Finding Originated: Unknown.

Condition:

Auditor reviewed several customer accounts where service was cut-off and reconnected once the outstanding balance was paid. Auditor noted in most instances no reconnection fee was assessed.

In discussion with Town personnel it was discovered that reconnection fees are not assessed on accounts where services were disconnected. It appears this has been a standing policy for the past couple of years.

Inquired of administrative personnel if Mayor was made aware of this deviation from Town policy. Both Town Clerk and Assistant Town Clerk indicated the Mayor was made aware that Town policy was not being adhered to.

TOWN OF WHITE CASTLE, LOUISIANA

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

**2019-05 Failure to Collect Reconnection Fees Due to the Town, continued**

Criteria:

Town policy requires a reconnection fee to be paid before services are reconnected.

Article VII, Section 14(A) of the Louisiana Constitution of 1974 - Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Cause:

Monitoring the requirements of collecting reconnection fees before reconnecting services appear to have not been followed.

Effect:

Failure to collect reconnection fees before services are reconnected is a violation of Town policy.

Recommendation:

We recommend that Town establish controls to ensure proper fees are assessed to customers.

Response:

See Management's response letter.

**2019-06 Noncompliance with Public Bid Law**

Fiscal Year Finding Originated: 2019

Condition:

Auditor unable to determine if contract was approved by Town. No documentation provided by Town indicating contract awarded under a public bid process.

Criteria:

R.S 38:2212 requires the Town to conduct competitive bids for all purchases exceeding \$30,000.

Cause:

The Town is required to conduct a public bid process for contractors exceeding \$30,000. Bid law was not followed.

TOWN OF WHITE CASTLE, LOUISIANA

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

**2019-06 Noncompliance with Public Bid Law, continued**

Effect:

Failure to initiate a public bid process for contractors is a violation of state law.

Recommendation:

We recommend that Town establish controls to ensure that the public bid laws are followed regarding prospective contractors.

Response:

See Management's response letter.

TOWN OF WHITE CASTLE, LOUISIANA

Summary of Prior Year Findings  
For the Year Ended September 30, 2019

**III Summary of Prior Year Findings**

**INTERNAL CONTROL AND COMPLIANCE FINDINGS**

**2018-01 Credit Card Transactions**

Fiscal Year Finding Originated: 2018

Condition:

Sample of 47 transactions were selected from all of the Town's credit card transactions. The Town was unable to provide documentation relating to the business purpose for 20 out of 47 transactions sampled. It was not clear what the business purpose and use of the credit card charges were. 18 transactions charged to credit cards were to Dollar Tree, Wal-Mart, Sam's Club, Amazon, and Apple iTunes and were without receipts/documentation; the business purpose of the purchases was not clear.

Criteria:

The Town's credit card policy requires that the Town's credit card(s) be used only for purpose of Town's business and may be used for lodging, conference registration, car rental, and other expenses provided the expenses are documented and relate to Town business.

Recommendation:

Town should establish controls to ensure that transactions have a clear business purpose. The Town should emphasize with credit card holders the importance of proper usage of credit card(s) in accordance with Town's credit card policy.

Current Status:

Unresolved. See 2019-01

**2018-02 Cash Management**

Fiscal Year Finding Originated: Unknown.

Condition:

On several occasions the Police Department collections for fines were held for extended periods of time. Several checks were held for more than five (5) days before depositing. Insufficient controls over collection of fines as the Chief of Police's Assistant is the only person handling payments made by mail.

Criteria:

TOWN OF WHITE CASTLE, LOUISIANA

Summary of Prior Year Findings  
For the Year Ended September 30, 2019

Louisiana Revised Statute 39:1212 requires that all funds of local depositing authorities shall be deposited daily whenever practicable, in the fiscal agency. The practice of making daily cash deposits is indicative of strong internal controls. Additionally, controls should be established for cash management.

Recommendation:

The Town of White Castle should adhere to Louisiana Cash Management Laws to ensure that deposits are made daily whenever practicable. A separate staff person should be assigned to open mail and log the checks received.

Current Status:

Resolved.

**2018-03 Past Due Utility Accounts**

Fiscal Year Finding Originated: Unknown

Condition:

The Town had a past due utility account balances from certain elected officials at certain times during the fiscal year ending September 30, 2018. During the year, the utility accounts for some elected officials were up to 3 months past due.

Criteria:

Article VII, Section 14(A) of the Louisiana Constitution of 1974 - Prohibited as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Recommendation:

The Town of White Castle should monitor the past due accounts to ensure that all customers including elected officials and employees are paying utility bills in full as they become due. Cutoff of services should be enforced for all customers.

Current Status:

Unresolved. See 2019-02

**2018-04 No Authorization for Overtime Payments to Town employees**

Fiscal Year Finding Originated: 2018

Condition:

## TOWN OF WHITE CASTLE, LOUISIANA

### Summary of Prior Year Findings For the Year Ended September 30, 2019

Overtime payments are being made to Town employees with no documented authorization of the overtime. In one instance, an office clerk received more than 489 hours of overtime payments during the fiscal period totaling \$12,108.73 in additional compensation to the employee. The Town was unable to provide documentation authorizing the overtime or purpose for the overtime.

#### Criteria

Absent an ordinance or human resource manual/handbook in place that gives specific information relative to overtime pay; the mayor or authorized department head should provide written authorization for the overtime. In our review, no evidence/documentation was provided authorizing the overtime paid to Town employees.

#### Recommendation:

Town of White Castle should adhere to Louisiana Law, Lawrason Act and Labor Laws relative to use of overtime for hourly and salary employees. The Mayor is responsible for pre-authorizing overtime for administrative staff and/or approving overtime.

#### Current Status:

Unresolved. See 2019-03

### **2018-05 Quarterly Audits of Traffic Citations**

Fiscal Year Finding Originated: Unknown.

#### Condition:

Town officials failed to conduct quarterly audits of all traffic citations as required by state law.

#### Criteria:

The Town Clerk is required to conduct on a quarterly basis an audit of traffic tickets.

#### Recommendation:

We recommend a quarterly audit of traffic tickets be conducted by the Town Clerk as required by state law. We recommend that Town officials establish procedures and controls to monitor compliance with state law when processing traffic citations and ensure that each traffic citation written is sent to the proper authorities.

#### Current Status:

Unresolved. See 2019-04

### **2018-06 Failure to Collect Reconnection Fees Due to the Town**



TOWN OF WHITE CASTLE, LOUISIANA

Summary of Prior Year Findings  
For the Year Ended September 30, 2019

Fiscal Year Finding Originated: Unknown.

Condition:

Auditor reviewed several customer accounts where service was cut-off and reconnected once the outstanding balance was paid. Auditor noted in most instances no reconnection fee was assessed.

In discussion with Town personnel it was discovered that reconnection fees are not assessed on accounts where services were disconnected. It appears this has been a standing policy for the past couple of years.

Inquired of administrative personnel if Mayor was made aware of this deviation from Town policy. Both Town Clerk and Assistant Town Clerk indicated the Mayor was made aware that Town policy was not being adhered to.

Criteria:

Town policy requires a reconnection fee to be paid before services are reconnected.

Article VII, Section 14(A) of the Louisiana Constitution of 1974 - Prohibited Uses. Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Recommendation:

We recommend that Town establish controls to ensure proper fees are assessed to customers.

Current Status:

Unresolved.

**2018-07 Travel Related Expense**

Fiscal Year Finding Originated: Unknown

Condition:

During a sample testing of 2 of 34 travel and reimbursement disbursements totaling \$98.00, the following was noted: No receipts were provided for review.

Criteria:

Town should use federal guidelines for reimbursement for travel expense, then update and comply with the travel policy. Otherwise, disciplinary action needs to be taken if in violation.

TOWN OF WHITE CASTLE, LOUISIANA

Summary of Prior Year Findings  
For the Year Ended September 30, 2019

Recommendation:

The Town of White Castle should maintain adequate documentation for travel related expenditures for evidence of compliance with the Town's travel policy. Further, the travel policy should be updated to foster the consistency of reporting and approval of expense reports. Persons traveling on official business will provide themselves with sufficient funds for all routine travel expenses not covered by the Town.

Current Status:

Resolved.

**2018-08 Purchase not made from State Contract list**

Fiscal Year Finding Originated: 2018

Condition:

The Town purchased a vehicle outside of the Office of State Procurement "state contract list."

Criteria:

The State of Louisiana require municipalities to purchase certain materials and supplies either through a competitive bid process or from a state contract list.

Recommendation:

The Town should ensure compliance with state guidelines required for the procurement of goods, materials and services.

Current Status:

Resolved.



# Town Of White Castle, Louisiana

John Morris, III., Mayor • Mario D. Brown, Chief of Police • Monica A. Hamilton, Town Clerk  
Alderman: Melissa Allen • Erick Batiste • Candice Depron • Kipp Knight • Barbara O'Bear (Mayor Pro-Temp)

March 12, 2020

J. Walker & Company, APC  
2740 Rue de Jardin, Ste. 100  
Lake Charles, LA 70605

Thank you for serving the Town of White Castle (Town) by conducting our audit for the year ended September 30, 2019. Below is the Town's corrective action plan related to your recommendations for our financial practices.

## **2019-01 Credit Card Transactions**

During 2019, the Town worked diligently to improve record retention practices related to Town credit cards. The Town primarily used its credit card for travel, vehicle, and office related purchases. With respect to the recommendation, the Town will implement the following:

- Implement a procedure to reconcile credit card statements to ensure that all purchase invoices are matched completely to the monthly statements.
- Begin documenting the business purpose with each charge.
- Administration will consider an appropriate number of charge cards moving forward.

The current administration is working diligently to resolve this matter as soon as possible.

## **2019-02 Past Due Utility Accounts**

The Town will implement procedures to closely monitor employee and elected official accounts to ensure payments are being made when they become due.

## **2019-03 No Authorization for Overtime Payments to Town Employees**

The Town will implement procedures to document authorization of overtime for all office employees earning overtime wages. Each timesheet will include review and approval of overtime by the Mayor for office staff.

#### **2019-04 Quarterly Audits of Traffic Citations**

The Town is currently in process of resolving this matter. The Town is implementing procedures for quarterly review of traffic fine activity by the Clerk to satisfy resolution of this matter.

#### **2019-05 Failure to Collect Reconnection Fees Due to the Town**

The Town has collected reconnection fees from customers during 2019, however, this collection was not made on a consistent basis. The Town will review current policies and procedures in place and modify where necessary to ensure reconnection fees are collected from customers.

#### **2019-06 Noncompliance with Public Bid Law**

The Town believes this is an anomaly as the Town typically solicits competitive bids for purchases exceeding \$30,000. The Town will revisit the current purchasing procedures to ensure appropriate measures are in place to follow the public bid law moving forward.

Sincerely,

*John Morris*

John Morris,  
Mayor

## **SPECIAL ACKNOWLEDGEMENTS**

John Morris  
Mayor

Monica Hamilton  
Town Clerk

Heather A. Jones  
Assistant Town Clerk

Sheryl Johnson  
Accounting Clerk

Kay Leblanc  
Accounting Clerk





# J. WALKER & COMPANY<sup>APC</sup>

ACCOUNTANTS AND ADVISORS

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable John Morris  
Town of White Castle  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of White Castle and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 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 below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*We performed the procedures above and noted the following exception:*

**The Town does not have a budgeting policy.**

**Management Response: See Management's response letter.**

- 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.

*We performed the procedures above and noted the following exception:*

**The Town does not have a purchasing policy. It needs to create a purchase order request form.**

**Management Response: See Management's response letter.**

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

*We performed the procedures above and noted no exceptions.*

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

- 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.

*We performed the above procedures and noted the following exceptions:*

**The policies and procedures do not include the monitoring process.**

**Management Response: See Management's response letter.**

- 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)

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*We performed the procedures above and noted no exceptions.*

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





*We performed the procedures above and noted no exceptions.*

- 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.

*We performed the procedures and noted the following exception:*

**The Town does not have a disaster recovery or business continuity policy.**

**Management Response: See Management’s response letter.**

***Board or Finance Committee***

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- 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.

*We performed the procedure above and noted no exceptions.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*We performed the procedures above and noted no exceptions.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

***General fund does not reflect a negative ending year unrestricted fund balance in the prior year audit report; therefore, no procedures performed.***

***Bank Reconciliations***

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- 3. Obtain a listing of client bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify



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

- 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).

*We performed the procedure above and noted no exceptions.*

- 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).

*We performed the procedure above and noted no exceptions.*

- 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.

*We performed the procedure above and noted no exceptions.*

### Collections

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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).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.

*We performed the above procedure and noted the following exceptions:*

**Employees that are responsible for cash collections do share cash drawers/registers.**

**Management Response: See Management's response letter.**



- 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.

*We performed the procedure above and the following exceptions:*

**The employee that opens mail also makes bank deposits.**

**Management Response: See Management's response letter.**

- 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.

*We performed the procedure above and noted no exceptions.*

- 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.

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions*

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). Obtain supporting documentation for each of the 10 deposits and:

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

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*



- 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).

*We performed the above procedure and noted the following exceptions:*

**Regarding to traffic ticket collections in 2019, two deposits were not made within one business day.**

**Management Response: See Management's response letter.**

- e) Trace the actual deposit per the bank statement to the general ledger.

*We performed the procedure above and noted no exceptions.*

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

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

*We performed the above procedure and noted the following exceptions:*

**No evidence that purchase orders was used for the town. 5 out of 5 items tested had no purchase orders used.**

**Management Response: See Management's response letter.**

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

*We performed the procedure above and noted no exceptions.*

- 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.

*We performed the procedure above and noted no exceptions.*

- 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.

*We performed the procedure above and noted no exceptions.*



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

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

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

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.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.]]

*We performed the above procedures and noted the following exceptions:*

**There was no supporting documentation to show whether the transactions selected were reviewed and approved in writing by someone other than the authorized card holder.**

**Management Response: See Management's response letter.**

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

*We performed the above procedure and noted following exceptions.*

**Late fees were assessed on one of the Town's credit card statements for one-month period.**

**Management Response: See Management's response letter.**



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 performed the procedure above and noted the following exceptions:*

**For 3 out of the 5 transactions selected, Town was unable to provide written documentation of the business/public purpose of the transactions.**

**Management Response: See Management's response letter.**

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

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

- 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)).

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

- 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).

*We performed the procedure above and noted no exceptions.*

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

*We performed the above procedure and noted following exceptions:*

**All 5 transactions selected did not include evidence that each reimbursement was reviewed and approved, in writing, by someone other than the person that received reimbursement.**

**Management Response: See Management's response letter.**



## 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:

- 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.

*We performed the procedure above and noted the following exceptions:*

**There was no supporting documentation of a public bid process for two of the vendors selected.**

**Management Response: See Management's response letter.**

- 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).

*We performed the above procedures and noted the following exceptions:*

**For 5 out of the 5 contracts selected Town was unable to provided documentation of a written contract.**

**Management Response: See Management's response letter.**

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

*No contract reviewed was amended. Therefore, no procedures were performed.*

- 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.

*5 out of the 5 contracts selected had no written contracts in place. Therefore, we were unable to agree the invoices to the contract terms.*

## 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.



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

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

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

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

*We performed the procedure above and noted no exceptions.*

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.

*We performed the procedure above and noted the following exceptions:*

**Town was delinquent on and workers' compensation insurance premiums.**

**Management Response: See Management's response letter.**

***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.

*We performed the above procedures and noted the following exceptions:*

**No documentation provided to demonstrate that 1 out of the 5 selected officials and 5 out of the 5 selected employees completed one hour of ethics training during the fiscal period.**

**Management Response: See Management's response letter.**

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

*We performed the above procedures and noted the following exceptions:*

**No documentation provided demonstrating each employee and official attested through signature verification that he or she has read the Town's ethics policy during the fiscal period.**

**Management Response: See Management's response letter.**

#### *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.

*The Town did not issue new debt during the fiscal period. Therefore, these procedures are 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.

*We performed the procedures above and noted no exceptions.*

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



*We performed the procedure above and noted no exceptions.*

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

*We performed the above procedure and noted following exceptions:*

**The Town did not post to its website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste of abuse of public fund.**

**Management Response: See Management's response letter.**

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.

*J. Walker & Company, APC*

Lake Charles, Louisiana  
March 13, 2020





# Town Of White Castle, Louisiana

John Morris, III., Mayor • Mario D. Brown, Chief of Police • Monica A. Hamilton, Town Clerk  
Alderman: Melissa Allen • Erick Batiste • Candice Depron • Kipp Knight • Barbara O'Bear (Mayor Pro-Temp)

March 13, 2020

J. Walker & Company, APC  
2740 Rue de Jardin, Ste. 100  
Lake Charles, LA 70605

Thank you for serving the Town of White Castle (Town) by conducting our audit for the year ended September 30, 2019. Below is the Town's corrective action plan related to your recommendations for our financial practices.

## **Written Policies and Procedures (1a)**

The Town will work to implement a policy addressing the budgeting procedures practiced by the Town.

## **Written Policies and Procedures (1b)**

The Town will work to implement policies and procedures relating to purchasing, additionally, the Town will consider the incorporation of a purchase order request form where practical. Although the Town generally agrees with the recommendation, we do not believe that issuing purchase orders for every purchase is needed or practical.

## **Written Policies and Procedures (1f)**

The Town will work to update current policies and procedures relating to contracts to address the process of monitoring contracts upon approval.

## **Written Policies and Procedures (1k)**

The Town will work to create and implement a disaster recovery and business continuity policy.

## **Collections (5a)**

The Town will work to implement procedures to ensure that employees responsible for cash collections do not share cash drawers moving forward.

(Continued)

### **Collections (5b)**

The Town will work to implement a procedure to delegate the responsible of reconciling cash collection documentation to another employee/official prior to deposits being initiated by the employee that is also responsible for collecting cash.

### **Collections (7d)**

The Town will emphasize daily deposit requirements to current staff at the Police Department to ensure deposits are made within on business day of receipt.

### **Non-Payroll Disbursements (9a)**

The Town will consider implementation of a purchase order system, where practical. Although the Town generally agrees with the recommendation, we do not believe that issuing purchase orders for every purchase is needed or practical.

### **Credit Cards/ Debit Cards/Fuel Cards/P-Cards (12a)**

Town will work diligently to improve record retention practices related to Town credit cards. The Town primarily used its credit card for travel, vehicle, and office related purchases. With respect to the recommendation, the Town will implement the following:

- Implement a procedure to reconcile credit card statements to ensure that all purchase invoices are matched completely to the monthly statements.
- Begin documenting the business purpose with each charge.
- Review of statements by an employee/official other than the authorized card holder.
- Administration will consider an appropriate number of charge cards moving forward.

### **Credit Cards/ Debit Cards/Fuel Cards/P-Cards (12b)**

The Town will work diligently to ensure, going forward, that no finance charges or late fees are incurred with credit card administration.

### **Credit Cards/ Debit Cards/Fuel Cards/P-Cards (13)**

See above responses to item 12a.

### **Travel and Travel-Related Expense Reimbursements (excluding card transactions) (14d)**

Travel reimbursements will be reviewed and approved, in writing, by the supervisor of the employee receiving reimbursement. Additionally, the Town will implement record retention procedures to enhance evidence of approval.

**Contracts (15a)**

The Town will work diligently to ensure, going forward, that record retention procedures are performed for contracts that are required to comply with the Louisiana *Public Bid Law*.

**Contracts (15b & 15d)**

The Town will obtain contracts for all significant professional services agreements, leases and construction activities.

**Payroll and Personnel (19)**

The Town believes the delinquent payment on workers' compensation premiums was an anomaly. However, the Town will ensure payments regarding workers compensation, along with other payroll related expenses, are made in a timely manner.

**Ethics (20a)**

The Town will maintain a database of all employees and elected officials and the status of their ethics training. Reminders will be provided to officials annually. Current employees will be required to complete the training during the first six months of each calendar year. New employees will be required to complete the training during their first month of employment.

**Ethics (20b)**

The Town will maintain signature verifications from each employee and official that he or she has read the town ethics policy during the fiscal year.

**Other (24)**

The Town is working with the website developer to post the fraud notice on the its website.

Sincerely,

*John Morris*

John Morris,  
Mayor