

# FINANCIAL STATEMENTS

Town Of Lutchter

4 - 30 - 17



# **Town of Litcher**

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*2017 Financial Statements*

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

**FINANCIAL STATEMENTS**

**APRIL 30, 2017**

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Lutchet, Louisiana, (the Town) as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Lutchet, Louisiana, as of April 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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

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

The Insurance-in-Force and Public Utility System Operations schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the Town of Litcher, 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 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 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 Town of Litcher, Louisiana's internal control over financial reporting and compliance.

*Post the results of the audit*

Donaldsonville, Louisiana  
October 31, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2017**

This section of the Town of Lutcher's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2017. Please read it in conjunction with the Town's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,786,757 (net position). Of this amount, \$985,942 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's governmental activities expenses were \$23,167 less than the \$1,098,444 generated in charges for services, taxes, and other revenue and transfers. In the Town's business-type activities, expenses and transfers were \$96,316 more than the \$1,826,192 generated in revenues.
- The general fund reported a \$513,217 fund balance for the year.
- For business type activities, charges for services increased by \$130,874 or 9.6%. The main increase in charges for services is due to an increase of \$84,925 in sewer revenue which is the result of an increase of business use of the sewer oxidation pond. There was also an increase of \$41,213 in water sales for charges for services which is due to an increase in rates in the previous fiscal year.
- Capital grants and contributions for business type activities increased by \$83,405 or 102% in the current year which is the result of the Town receiving debt forgiveness from the LDHH Drinking Water Revolving Loan Fund program in the amount of \$94,994 related to principal advances of long term debt received in the current year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2017**

| Figure A-1<br>Major Features of Town's Government and Fund Financial Statements |  |  |   |  |
|---|--|--|---|--|
|   | Fund Statements  |  |   |  |
|   | Government-wide Statements   | Governmental Funds   | Proprietary Funds   |  |
| Scope   | Entire Town government   | The activities of the Town that are not proprietary, such as police, drainage, and streets   | Activities the Town operates similar to private businesses: the water and sewer system  |  |
| Required financial statements   | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>   | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expense, and changes in net position</li> <li>• Statement of cash flows</li> </ul> |  |
| Accounting basis and measurements focus   | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus   |  |
| Type of asset/liability information   | All assets and liabilities, both financial and capital, and short-term and long-term                             | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included  | All assets and liabilities, both financial and capital, and short-term and long-term  |  |
| Type of inflow/outflow information  | All revenues and expenses during year, regardless of when cash is received or paid                               | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid  |  |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2017**

**Government-wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

The Town has two kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2017**

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

**Net position.** The Town's combined net position decreased between fiscal years ended April 30, 2016 and April 30, 2017 to \$4,786,757. (See Table A-1.)

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

|  | <b>Governmental<br/>Activities</b> |                     | <b>Business-Type<br/>Activities</b> |                     |
|--|------------------------------------|---------------------|-------------------------------------|---------------------|
|  | <b>2017</b>                        | <b>2016</b>         | <b>2017</b>                         | <b>2016</b>         |
| Current and other assets   | \$ 580,436                         | \$ 398,309          | \$ 1,214,001                        | \$ 824,243          |
| Capital assets   | 1,267,762                          | 1,360,213           | 3,510,903                           | 3,259,606           |
| Restricted assets  | 89,737                             | 105,770             | 568,451                             | 621,540             |
| <b>Total assets</b>  | <b>1,937,935</b>                   | <b>1,864,292</b>    | <b>5,293,355</b>                    | <b>4,705,389</b>    |
| Deferred outflows of resources                                     | 208,266                            | 78,170              | 188,623                             | 152,672             |
| <b>Total assets and deferred<br/>outflows of resources</b>         | <b>2,146,201</b>                   | <b>1,942,462</b>    | <b>5,481,978</b>                    | <b>4,858,061</b>    |
| Current liabilities  | 88,493                             | 80,208              | 464,220                             | 220,900             |
| Long term liabilities  | 163,000                            | 179,000             | 1,381,523                           | 970,000             |
| Net pension liability  | 339,228                            | 151,499             | 393,487                             | 324,016             |
| <b>Total liabilities</b>   | <b>590,721</b>                     | <b>410,707</b>      | <b>2,239,230</b>                    | <b>1,514,916</b>    |
| Deferred inflows of resources                                      | 5,336                              | 4,778               | 6,135                               | 10,216              |
| <b>Total liabilities and<br/>deferred inflows of<br/>resources</b> | <b>596,057</b>                     | <b>415,485</b>      | <b>2,245,365</b>                    | <b>1,525,132</b>    |
| Net position   |                                    |                     |                                     |                     |
| Invested in capital assets,<br>net of related debt                 | 1,087,879                          | 1,165,296           | 2,154,998                           | 2,289,606           |
| Restricted   | 90,023                             | 105,871             | 467,915                             | 435,803             |
| Unrestricted   | 372,242                            | 255,810             | 613,700                             | 607,520             |
| <b>Total net position</b>  | <b>\$ 1,550,144</b>                | <b>\$ 1,526,977</b> | <b>\$ 3,236,613</b>                 | <b>\$ 3,332,929</b> |

Net position of the Town's governmental activities increased 1.5 percent to \$1,550,144. Net position of the Town's business-type activities decreased 2.9 percent to \$3,236,613.

**Changes in net position.** The Town's total revenues for the year ended April 30, 2017 increased by \$410,970 to \$2,942,636. Approximately 59.3 percent of the Town's revenue comes from charges for services and 16.3 percent comes from tax collections.

The Town's total expenses for the year ended April 30, 2017 increased by \$330,316 to \$2,997,785. Approximately 52.3 percent of the Town's expenses come from its business-type activities and 47.7 percent come from its governmental activities. (See Table A-2)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2017**

**Governmental Activities**

Revenues for the Town's governmental activities increased by \$181,070 or 19.7 percent. Approximately 37.4 percent of these revenues come from ad valorem and sales taxes and 22.2 percent come from charges for services.

Expenses for the Town's governmental activities increased by \$171,606 or 13.6 percent. Approximately 38.9 percent of these expenses come from streets and drainage activities and 25.8 percent comes from general government activities.

**Table A-2**  
**Changes in Town's Net position**

|   | <b>Governmental<br/>Activities</b> |                     | <b>Business-Type<br/>Activities</b> |                     |
|---|------------------------------------|---------------------|-------------------------------------|---------------------|
|   | <b>2017</b>                        | <b>2016</b>         | <b>2017</b>                         | <b>2016</b>         |
| <b>Revenues</b>                               |                                    |                     |                                     |                     |
| Program revenues                              |                                    |                     |                                     |                     |
| Charges for services                          | \$ 244,103                         | \$ 250,186          | \$ 1,500,301                        | \$ 1,369,427        |
| Capital grants and contributions              | -                                  | -                   | 164,994                             | 81,589              |
| Operating grants and contributions            | 29,022                             | 390                 | 34,236                              | -                   |
| General revenues                              |                                    |                     |                                     |                     |
| Taxes   | 411,010                            | 380,237             | 68,515                              | 82,893              |
| Franchise taxes                               | 77,681                             | 89,917              | -                                   | -                   |
| Licenses and permits                          | 141,496                            | 140,555             | -                                   | -                   |
| Fines and forfeitures                         | 83,331                             | 4,514               | -                                   | -                   |
| Other revenues                                | 111,801                            | 51,575              | 58,146                              | 62,383              |
| <b>Total revenues</b>                         | <b>1,098,444</b>                   | <b>917,374</b>      | <b>1,826,192</b>                    | <b>1,596,292</b>    |
| <b>Expenses</b>                               |                                    |                     |                                     |                     |
| General government                            | 369,854                            | 327,377             | -                                   | -                   |
| Streets and drainage                          | 555,833                            | 462,454             | -                                   | -                   |
| Public safety                                 | 271,211                            | 234,663             | -                                   | -                   |
| Sanitation                                    | 227,833                            | 228,422             | -                                   | -                   |
| Debt service                                  | 5,546                              | 5,755               | -                                   | -                   |
| Water   | -                                  | -                   | 799,801                             | 699,307             |
| Sewer   | -                                  | -                   | 767,707                             | 709,491             |
| <b>Total expenses</b>                         | <b>1,430,277</b>                   | <b>1,258,671</b>    | <b>1,567,508</b>                    | <b>1,408,798</b>    |
| <b>Other financing resources (uses)</b>       |                                    |                     |                                     |                     |
| Transfers in                                  | 355,000                            | 251,756             | -                                   | -                   |
| Transfers out                                 | -                                  | -                   | (355,000)                           | (251,756)           |
| <b>Total other financing resources (uses)</b> | <b>355,000</b>                     | <b>251,756</b>      | <b>(355,000)</b>                    | <b>(251,756)</b>    |
| <b>Increase (decrease) in net position</b>    | <b>23,167</b>                      | <b>(89,541)</b>     | <b>(96,316)</b>                     | <b>(64,262)</b>     |
| <b>Beginning net position</b>                 | 1,526,977                          | 1,616,518           | 3,332,929                           | 3,397,191           |
| <b>Ending net position</b>                    | <b>\$ 1,550,144</b>                | <b>\$ 1,526,977</b> | <b>\$ 3,236,613</b>                 | <b>\$ 3,332,929</b> |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2017**

**Business-type Activities**

Revenues for the Town's business-type activities increased by \$229,900 or 14.4 percent. Approximately 82.2 percent of these revenues come from charges for services.

Expenses for the Town's business-type activities increased by \$158,710 or 11.3 percent. Approximately 51 percent of these expenses come from water activities and 49 percent comes from sewer activities.

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

As the Town completed the year, its governmental funds reported a combined fund balance of \$598,563, an increase of \$158,775 or 36.1 percent from last year.

**General Fund Budgetary Highlights**

The Town amended its original budget for the fiscal year. Actual revenues and other financing sources was approximately \$30,000 higher than budgeted revenues and other financing sources, while actual expenditures were approximately \$104,000 less than anticipated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At the end of April 30, 2017, the Town had invested \$4,778,665 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of \$158,846 or 3 percent, compared to last year.

More information about the Town's capital assets is presented in Note 2 to the financial statements.

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

|                                     | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                     |
|-------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|
|                                     | <u>2017</u>                    | <u>2016</u>         | <u>2017</u>                     | <u>2016</u>         |
| Land and Improvements               | \$ 49,005                      | \$ 49,005           | \$ 49,925                       | \$ 49,925           |
| Buildings and Improvements          | 288,557                        | 288,557             | -                               | -                   |
| Lutcher Park                        | 345,635                        | 345,635             | -                               | -                   |
| Streets                             | 1,051,813                      | 1,036,926           | -                               | -                   |
| Drainage                            | 541,002                        | 541,002             | -                               | -                   |
| Equipment                           | 412,076                        | 410,312             | 248,330                         | 227,420             |
| Construction in Progress            | -                              | -                   | 431,391                         | -                   |
| Water and Sewer Facility and System | -                              | -                   | 9,387,498                       | 9,376,962           |
| Less: Accumulated Depreciation      | ( 1,420,326)                   | ( 1,311,224)        | ( 6,606,241)                    | ( 6,394,701)        |
| <b>Total</b>                        | <b>\$ 1,267,762</b>            | <b>\$ 1,360,213</b> | <b>\$ 3,510,903</b>             | <b>\$ 3,259,606</b> |

This year's major capital asset additions included:

- Construction in progress related to water system improvements in the amount of \$431,391.

The Town's fiscal year 2017-2018 capital budget estimates approximately \$75,000 in capital improvements for streets and drainage projects and approximately \$125,000 to sewer pond improvements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2017**

**Long-term debt.** At the end of the current fiscal year, the Town had bonded debt outstanding of \$1,528,983 as compared to \$1,213,000 in the prior year, an increase of \$315,983 or 26 percent. (See Table A-4) More information about the Town's long-term liabilities is presented in Note 5 to the financial statements.

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

|  | <u>Governmental Activities</u> |                          | <u>Business Activities</u> |                            |
|--|--------------------------------|--------------------------|----------------------------|----------------------------|
|  | <u>2017</u>                    | <u>2016</u>              | <u>2017</u>                | <u>2016</u>                |
| General Obligation Bonds, Series 2012A | \$ 179,000                     | \$ 194,000               | \$ -                       | \$ -                       |
| General Obligation Bonds, Series 2012  | -                              | -                        | 970,001                    | 1,019,000                  |
| Taxable Limited Bond, Series 2016      | -                              | -                        | 379,982                    | -                          |
| <b>Total</b>                           | <b><u>\$ 179,000</u></b>       | <b><u>\$ 194,000</u></b> | <b><u>\$ 1,349,983</u></b> | <b><u>\$ 1,019,000</u></b> |

**CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS**

For the year ended April 30, 2017, Town of Lutcher adopted Government Accounting Standards Board (GASB) Statement No. 77 (GASB 77), *Tax Abatement Disclosure*.

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

The Town's major sources of revenue for the general fund are comprised from taxes (sales & property) and garbage fees at 36% and 23% of total revenues, respectively. The economy is not expected to generate any significant growth. Expenditures are expected to increase in the sewer and water funds for improvements to the waterworks system and sewer lines.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2017**

|   | Primary Government         |                             | Total               |
|---|----------------------------|-----------------------------|---------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities |                     |
| <b>ASSETS</b>                               |                            |                             |                     |
| Cash  | \$ 483,246                 | \$ 694,538                  | \$ 1,177,784        |
| Receivables:                                |                            |                             |                     |
| Taxes                                       | 35,554                     | 6,469                       | 42,023              |
| Interest                                    | 67                         | -                           | 67                  |
| Other receivable                            | 669                        | -                           | 669                 |
| Accounts, net                               | 58,674                     | 202,274                     | 260,948             |
| Due from other governments                  | -                          | 296,000                     | 296,000             |
| Other current assets                        | 2,226                      | 14,720                      | 16,946              |
| Restricted assets:                          |                            |                             | -                   |
| Cash  | 89,737                     | 568,451                     | 658,188             |
| Capital assets (net)                        | 1,267,762                  | 3,510,903                   | 4,778,665           |
| <b>Total assets</b>                         | <b>1,937,935</b>           | <b>5,293,355</b>            | <b>7,231,290</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                     |
| Pension related                             | 208,266                    | 188,623                     | 396,889             |
| <b>Total deferred outflows of resources</b> | <b>208,266</b>             | <b>188,623</b>              | <b>396,889</b>      |
| <b>LIABILITIES</b>                          |                            |                             |                     |
| Accounts payable                            | 34,748                     | 342,039                     | 376,787             |
| Accrued payables                            | 37,745                     | 56,181                      | 93,926              |
| Bonds due within one year                   | 16,000                     | 66,000                      | 82,000              |
| Long-term liabilities:                      |                            |                             |                     |
| Customer service meter deposits             | -                          | 97,540                      | 97,540              |
| Bonds payable                               | 163,000                    | 1,283,983                   | 1,446,983           |
| Net pension liability                       | 339,228                    | 393,487                     | 732,715             |
| <b>Total liabilities</b>                    | <b>590,721</b>             | <b>2,239,230</b>            | <b>2,829,951</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                     |
| Pension related                             | 5,336                      | 6,135                       | 11,471              |
| <b>Total deferred inflows of resources</b>  | <b>5,336</b>               | <b>6,135</b>                | <b>11,471</b>       |
| <b>NET POSITION</b>                         |                            |                             |                     |
| Net investment in capital assets            | 1,087,879                  | 2,154,998                   | 3,242,877           |
| Restricted for                              |                            |                             |                     |
| Debt retirement                             | 85,346                     | 467,915                     | 553,261             |
| Capital outlay                              | 4,677                      | -                           | 4,677               |
| Unrestricted                                | 372,242                    | 613,700                     | 985,942             |
| <b>Total net position</b>                   | <b>\$ 1,550,144</b>        | <b>\$ 3,236,613</b>         | <b>\$ 4,786,757</b> |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2017**

| Functions/Programs                   | Expenses            | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                     |
|--------------------------------------|---------------------|-------------------------|--|--|--|-----------------------------|---------------------|
|                                      |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total               |
| <b>Functions:</b>                    |                     |                         |  |  |  |                             |                     |
| <b>Governmental activities:</b>      |                     |                         |  |  |  |                             |                     |
| General government                   | \$ 369,854          | \$ -                    | \$ 29,022                                | \$ -                                   | \$ (340,832)   | \$ -                        | \$ (340,832)        |
| Streets and drainage                 | 555,833             | -                       | -  | -                                      | (555,833)  | -                           | (555,833)           |
| Public safety                        | 271,211             | -                       | -  | -                                      | (271,211)  | -                           | (271,211)           |
| Sanitation                           | 227,833             | 244,103                 | -  | -                                      | 16,270   | -                           | 16,270              |
| Debt service                         | 5,546               | -                       | -  | -                                      | (5,546)  | -                           | (5,546)             |
| Total governmental activities        | <u>1,430,277</u>    | <u>244,103</u>          | <u>29,022</u>                            | <u>-</u>                               | <u>(1,157,152)</u>                                   | <u>-</u>                    | <u>(1,157,152)</u>  |
| <b>Business-type activities:</b>     |                     |                         |  |  |  |                             |                     |
| Sewer                                | 767,707             | 924,754                 | -  | 34,236                                 | -  | 191,283                     | 191,283             |
| Water                                | 799,801             | 575,547                 | -  | 164,994                                | -  | (59,260)                    | (59,260)            |
| Total business-type activities       | <u>1,567,508</u>    | <u>1,500,301</u>        | <u>-</u>                                 | <u>199,230</u>                         | <u>-</u>   | <u>132,023</u>              | <u>132,023</u>      |
| Total primary government             | <u>\$ 2,997,785</u> | <u>\$ 1,744,404</u>     | <u>\$ 29,022</u>                         | <u>\$ 199,230</u>                      | <u>(1,157,152)</u>                                   | <u>132,023</u>              | <u>(1,025,129)</u>  |
| General revenues                     |                     |                         |  |  |  |                             |                     |
| Taxes:                               |                     |                         |  |  |  |                             |                     |
| Ad valorem                           |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 140,749  | 68,515                      | 209,264             |
| Sales taxes                          |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 270,261  | -                           | 270,261             |
| Franchise taxes                      |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 77,681   | -                           | 77,681              |
| Licenses and permits                 |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 141,496  | -                           | 141,496             |
| Fines and forfeitures                |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 83,331   | -                           | 83,331              |
| Transfers (to)/from other funds      |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 355,000  | (355,000)                   | -                   |
| Other revenue                        |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 111,801  | 58,146                      | 169,947             |
| Total general revenues and transfers |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | <u>1,180,319</u>                                     | <u>(228,339)</u>            | <u>951,980</u>      |
| Change in net position               |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | 23,167   | (96,316)                    | (73,149)            |
| Net position, April 30, 2016         |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | <u>1,526,977</u>                                     | <u>3,332,929</u>            | <u>4,859,906</u>    |
| Net position, April 30, 2017         |                     |                         |  |  |  |                             |                     |
|                                      |                     |                         |  |  | <u>\$ 1,550,144</u>                                  | <u>\$ 3,236,613</u>         | <u>\$ 4,786,757</u> |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**APRIL 30, 2017**

|   | <u>General</u>           | <u>Debt<br/>Service</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|--------------------------|-------------------------|---|
| <b><u>ASSETS</u></b>                      |                          |                         |   |
| Cash                                      | \$ 483,246               | \$ -                    | \$ 483,246                              |
| Receivables:                              |                          |                         |   |
| Taxes                                     | 34,043                   | 1,511                   | 35,554                                  |
| Interest                                  | 67                       | -                       | 67                                      |
| Other                                     | 669                      | -                       | 669                                     |
| Accounts, net                             | 58,674                   | -                       | 58,674                                  |
| Prepaid Insurance                         | 2,226                    | -                       | 2,226                                   |
| Restricted assets:                        |                          |                         |   |
| Cash                                      | 4,677                    | 85,060                  | 89,737                                  |
| <b>Total assets</b>                       | <b><u>\$ 583,602</u></b> | <b><u>\$ 86,571</u></b> | <b><u>\$ 670,173</u></b>                |
| <br><b><u>LIABILITIES</u></b>             |                          |                         |   |
| Accounts payable                          | \$ 34,748                | \$ -                    | \$ 34,748                               |
| Accrued payables                          | 35,637                   | 1,225                   | 36,862                                  |
| <b>Total liabilities</b>                  | <b><u>70,385</u></b>     | <b><u>1,225</u></b>     | <b><u>71,610</u></b>                    |
| <br><b><u>FUND BALANCE</u></b>            |                          |                         |   |
| Restricted for debt retirement            | -                        | 85,346                  | 85,346                                  |
| Restricted for capital outlay             | 4,677                    | -                       | 4,677                                   |
| Unassigned                                | 508,540                  | -                       | 508,540                                 |
| <b>Total fund balance</b>                 | <b><u>513,217</u></b>    | <b><u>85,346</u></b>    | <b><u>598,563</u></b>                   |
| <b>Total liabilities and fund balance</b> | <b><u>\$ 583,602</u></b> | <b><u>\$ 86,571</u></b> | <b><u>\$ 670,173</u></b>                |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**APRIL 30, 2017**

|  |                    |                     |
|--|--------------------|---------------------|
| Total fund balances - governmental funds                       |                    | \$ 598,563          |
| Cost of capital assets at April 30, 2017                       | 2,688,088          |                     |
| Less: accumulated depreciation as of April 30, 2017            | <u>(1,420,326)</u> | 1,267,762           |
| Long-term assets at April 30, 2017                             |                    |                     |
| Deferred outflows - pension related                            |                    | 208,266             |
| Long-term liabilities at April 30, 2017                        |                    |                     |
| Bonds payable  | (179,000)          |                     |
| Accrued interest payable                                       | (883)              |                     |
| Net pension liability  | (339,228)          |                     |
| Deferred inflows - pension related                             | <u>(5,336)</u>     | <u>(524,447)</u>    |
| Total net position at April 30, 2017 - governmental activities |                    | <u>\$ 1,550,144</u> |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**

Lutcher, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2017**

|   | <u>General</u>    | <u>Debt<br/>Service</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------|-------------------------|---|
| <b><u>REVENUES</u></b>  |                   |                         |   |
| Ad valorem taxes  | \$ 113,899        | \$ 26,850               | \$ 140,749                              |
| Taxes   | 270,261           | -                       | 270,261                                 |
| Franchise taxes   | 77,681            | -                       | 77,681                                  |
| Garbage fees  | 244,103           | -                       | 244,103                                 |
| Licenses and permits  | 141,496           | -                       | 141,496                                 |
| Intergovernmental revenue:  |                   |                         |   |
| Beer  | 1,336             | -                       | 1,336                                   |
| Grants  | 29,022            | -                       | 29,022                                  |
| Fines and forfeitures   | 83,331            | -                       | 83,331                                  |
| Other revenue   | 108,230           | -                       | 108,230                                 |
| <b>Total revenues</b>   | <u>1,069,359</u>  | <u>26,850</u>           | <u>1,096,209</u>                        |
| <b><u>EXPENDITURES</u></b>  |                   |                         |   |
| Current operating expenditures:                                     |                   |                         |   |
| General government  | 337,425           | -                       | 337,425                                 |
| Streets and drainage  | 465,182           | -                       | 465,182                                 |
| Public safety   | 241,414           | -                       | 241,414                                 |
| Sanitation  | 227,833           | -                       | 227,833                                 |
| Debt expenditures:  |                   |                         |   |
| Principal retirement  | -                 | 15,000                  | 15,000                                  |
| Interest and bond issue costs                                       | -                 | 5,580                   | 5,580                                   |
| <b>Total expenditures</b>   | <u>1,271,854</u>  | <u>20,580</u>           | <u>1,292,434</u>                        |
| <b><u>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</u></b> | (202,495)         | 6,270                   | (196,225)                               |
| <b><u>OTHER FINANCING SOURCES</u></b>                               |                   |                         |   |
| Transfers in  | 355,000           | -                       | 355,000                                 |
| <b>Total other financing sources</b>                                | <u>355,000</u>    | <u>-</u>                | <u>355,000</u>                          |
| <b><u>NET CHANGE IN FUND BALANCE</u></b>                            | 152,505           | 6,270                   | 158,775                                 |
| <b><u>FUND BALANCE</u></b>  |                   |                         |   |
| Beginning of year   | 360,712           | 79,076                  | 439,788                                 |
| End of year   | <u>\$ 513,217</u> | <u>\$ 85,346</u>        | <u>\$ 598,563</u>                       |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS -**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2017**

|  |                  |                      |
|--|------------------|----------------------|
| Total net changes in fund balance - governmental funds                     | \$               | 158,775              |
| Capital assets:  |                  |                      |
| Capital outlay capitalized   | 26,011           |                      |
| Loss on capital outlay disposals   | (6,797)          |                      |
| Depreciation expense for the year ended April 30, 2017                     | <u>(111,665)</u> | (92,451)             |
| Long-term debt:  |                  |                      |
| Principal portion of debt service payments                                 | 15,000           |                      |
| Excess of interest paid over interest accrued                              | 34               |                      |
| Net change in pension liability and deferred inflows/outflows of resources | <u>(58,191)</u>  | <u>(43,157)</u>      |
| Change in net position - governmental activities                           | \$               | <u><u>23,167</u></u> |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2017**

|   | Sewer<br>Fund              | Water<br>Fund              | Total                      |
|---|----------------------------|----------------------------|----------------------------|
| <b><u>ASSETS</u></b>                                      |                            |                            |                            |
| <b><u>CURRENT ASSETS</u></b>                              |                            |                            |                            |
| Cash  | \$ 304,383                 | \$ 390,155                 | \$ 694,538                 |
| Accounts receivable (net of allowance for uncollectibles) | 122,033                    | 80,241                     | 202,274                    |
| Taxes receivable  | -                          | 6,469                      | 6,469                      |
| Due from other governments                                | -                          | 296,000                    | 296,000                    |
| Other current assets                                      | 3,306                      | 11,414                     | 14,720                     |
| Total current assets                                      | <u>429,722</u>             | <u>784,279</u>             | <u>1,214,001</u>           |
| <b><u>NONCURRENT ASSETS</u></b>                           |                            |                            |                            |
| Restricted assets:  |                            |                            |                            |
| Cash  | 10                         | 568,441                    | 568,451                    |
| Total restricted assets                                   | 10                         | 568,441                    | 568,451                    |
| Capital assets, net                                       | 785,397                    | 2,725,506                  | 3,510,903                  |
| Total noncurrent assets                                   | <u>785,407</u>             | <u>3,293,947</u>           | <u>4,079,354</u>           |
| Total assets  | <u>1,215,129</u>           | <u>4,078,226</u>           | <u>5,293,355</u>           |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>              |                            |                            |                            |
| Pension related   | 107,514                    | 81,109                     | 188,623                    |
| Total deferred outflows of resources                      | <u>107,514</u>             | <u>81,109</u>              | <u>188,623</u>             |
| <b><u>LIABILITIES</u></b>                                 |                            |                            |                            |
| <b><u>CURRENT LIABILITIES</u></b>                         |                            |                            |                            |
| Payable from current assets:                              |                            |                            |                            |
| Accounts payable  | 27,418                     | 314,621                    | 342,039                    |
| Accrued payables  | 22,545                     | 33,636                     | 56,181                     |
| Payable from restricted assets:                           |                            |                            |                            |
| Bonds payable due within one year                         | -                          | 66,000                     | 66,000                     |
| Total current liabilities                                 | <u>49,963</u>              | <u>414,257</u>             | <u>464,220</u>             |
| <b><u>NONCURRENT LIABILITIES</u></b>                      |                            |                            |                            |
| Customer meter deposits                                   | -                          | 97,540                     | 97,540                     |
| Bonds payable   | -                          | 1,283,983                  | 1,283,983                  |
| Net pension liability                                     | 224,286                    | 169,201                    | 393,487                    |
| Total noncurrent liabilities                              | <u>224,286</u>             | <u>1,550,724</u>           | <u>1,775,010</u>           |
| Total liabilities   | <u>274,249</u>             | <u>1,964,981</u>           | <u>2,239,230</u>           |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>               |                            |                            |                            |
| Pension related   | 3,497                      | 2,638                      | 6,135                      |
| Total deferred inflows of resources                       | <u>3,497</u>               | <u>2,638</u>               | <u>6,135</u>               |
| <b><u>NET POSITION</u></b>                                |                            |                            |                            |
| Net investment in capital assets                          | 785,397                    | 1,369,601                  | 2,154,998                  |
| Restricted for debt retirement                            | -                          | 467,915                    | 467,915                    |
| Unrestricted  | 259,500                    | 354,200                    | 613,700                    |
| <b>TOTAL NET POSITION</b>                                 | <b><u>\$ 1,044,897</u></b> | <b><u>\$ 2,191,716</u></b> | <b><u>\$ 3,236,613</u></b> |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**YEAR ENDED APRIL 30, 2017**

|   | Sewer<br>Fund       | Water<br>Fund       | Total               |
|---|---------------------|---------------------|---------------------|
| <b><u>OPERATING REVENUES</u></b>                        |                     |                     |                     |
| Charges for service                                     |                     |                     |                     |
| Sales   | \$ 328,228          | \$ 559,226          | \$ 887,454          |
| Use of oxidation pond                                   | 588,752             | -                   | 588,752             |
| Delinquent charges                                      | 7,774               | 16,321              | 24,095              |
| Miscellaneous revenues                                  | 12,499              | 45,647              | 58,146              |
| <b>Total operating revenues</b>                         | <b>937,253</b>      | <b>621,194</b>      | <b>1,558,447</b>    |
| <b><u>OPERATING EXPENSES</u></b>                        |                     |                     |                     |
| Professional services                                   | 17,543              | 18,572              | 36,115              |
| Payroll taxes   | 19,321              | 12,964              | 32,285              |
| Retirement  | 49,157              | 29,792              | 78,949              |
| Insurance   | 69,686              | 105,000             | 174,686             |
| Office supplies and postage                             | 2,105               | 8,004               | 10,109              |
| Miscellaneous   | 59,011              | 80,049              | 139,060             |
| Salaries  | 266,348             | 191,315             | 457,663             |
| Oxidation pond/water plant analysis and treatment       | 13,161              | 4,569               | 17,730              |
| Electricity   | 60,538              | 17,175              | 77,713              |
| Materials, supplies, and repairs                        | 142,301             | 152,794             | 295,095             |
| Depreciation  | 68,536              | 143,004             | 211,540             |
| <b>Total operating expenses</b>                         | <b>767,707</b>      | <b>763,238</b>      | <b>1,530,945</b>    |
| <b><u>OPERATING INCOME (LOSS)</u></b>                   | <b>169,546</b>      | <b>(142,044)</b>    | <b>27,502</b>       |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b>          |                     |                     |                     |
| Ad valorem taxes  | -                   | 68,515              | 68,515              |
| Capital grants  | 34,236              | 164,994             | 199,230             |
| Interest expense  | -                   | (36,563)            | (36,563)            |
| <b>Total nonoperating revenues</b>                      | <b>34,236</b>       | <b>196,946</b>      | <b>231,182</b>      |
| <b><u>Income before transfers and contributions</u></b> | <b>203,782</b>      | <b>54,902</b>       | <b>258,684</b>      |
| Transfers (out)   | (355,000)           | -                   | (355,000)           |
| <b><u>CHANGE IN NET POSITION</u></b>                    | <b>(151,218)</b>    | <b>54,902</b>       | <b>(96,316)</b>     |
| Net position, April 30, 2016                            | 1,196,115           | 2,136,814           | 3,332,929           |
| Net position, April 30, 2017                            | <b>\$ 1,044,897</b> | <b>\$ 2,191,716</b> | <b>\$ 3,236,613</b> |

The accompanying notes are an integral part of this statement.

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED APRIL 30, 2017**

|   | <u>Sewer<br/>Fund</u> | <u>Water<br/>Fund</u> | <u>Total</u>        |
|---|-----------------------|-----------------------|---------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>                         |                       |                       |                     |
| Cash received from customers  | \$ 909,676            | \$ 572,846            | \$ 1,482,522        |
| Cash paid to employees and suppliers  | (667,119)             | (599,844)             | (1,266,963)         |
| Other receipts from operations  | 12,499                | 45,647                | 58,146              |
| Net cash provided by operating activities                                   | <u>255,056</u>        | <u>18,649</u>         | <u>273,705</u>      |
| <br>  |                       |                       |                     |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES:</u></b>          |                       |                       |                     |
| Transfers to other funds  | <u>(355,000)</u>      | <u>-</u>              | <u>(355,000)</u>    |
|   | <u>(355,000)</u>      | <u>-</u>              | <u>(355,000)</u>    |
| <br>  |                       |                       |                     |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</u></b> |                       |                       |                     |
| Acquisition of capital assets   | (10,128)              | (156,709)             | (166,837)           |
| Capital grant received  | 34,236                | 70,000                | 104,236             |
| Ad valorem tax  | -                     | 68,515                | 68,515              |
| Bond proceeds received  | -                     | 178,977               | 178,977             |
| Principal payments on long-term debt  | -                     | (49,000)              | (49,000)            |
| Interest paid on long-term debt   | -                     | (35,583)              | (35,583)            |
| Net cash provided by capital and related financing activities               | <u>24,108</u>         | <u>76,200</u>         | <u>100,308</u>      |
| <br>Net increase (decrease) in cash and cash equivalents                    | <br>(75,836)          | <br>94,849            | <br>19,013          |
| Cash and cash equivalents - beginning of year                               | <u>380,229</u>        | <u>863,747</u>        | <u>1,243,976</u>    |
| Cash and cash equivalents - end of year                                     | <u>\$ 304,393</u>     | <u>\$ 958,596</u>     | <u>\$ 1,262,989</u> |
| <br>Cash and cash equivalents - end of year                                 |                       |                       |                     |
| Cash - current  | \$ 304,383            | \$ 390,155            | \$ 694,538          |
| Cash - restricted   | <u>10</u>             | <u>568,441</u>        | <u>568,451</u>      |
|   | <u>\$ 304,393</u>     | <u>\$ 958,596</u>     | <u>\$ 1,262,989</u> |

*(continued)*

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED APRIL 30, 2017**

|   | <u>Sewer</u><br><u>Fund</u> | <u>Water</u><br><u>Fund</u> | <u>Total</u>      |
|---|-----------------------------|-----------------------------|-------------------|
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>   |                             |                             |                   |
| <b><u>TO NETCASH PROVIDED BY OPERATING ACTIVITIES:</u></b>                                      |                             |                             |                   |
| Operating income (loss)   | \$ 169,546                  | \$ (142,044)                | \$ 27,502         |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities - |                             |                             |                   |
| Depreciation  | 68,536                      | 143,004                     | 211,540           |
| Bad debt provision  | 1,392                       | 4,669                       | 6,061             |
| Pension   | 47,014                      | 22,457                      | 69,471            |
| Net changes in assets and liabilities -   |                             |                             |                   |
| Accounts receivables  | (15,078)                    | (2,701)                     | (17,779)          |
| Prepaid expenses and other assets   | (3,026)                     | (6,911)                     | (9,937)           |
| Deferred outflows of resources  | (23,986)                    | (11,965)                    | (35,951)          |
| Accounts payable and other liabilities  | 12,750                      | 14,129                      | 26,879            |
| Deferred inflows of resources   | (2,092)                     | (1,989)                     | (4,081)           |
| Net cash provided by operating activities   | <u>\$ 255,056</u>           | <u>\$ 18,649</u>            | <u>\$ 273,705</u> |

*(concluded)*

**SUPPLEMENTAL DISCLOSURE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:**

During the year ended April 30, 2017, the Town received debt forgiveness of \$94,994 from the Drinking Water Revolving Loan Fund Program related to principal advances of long term debt received during the year.

The accompanying notes are an integral part of this statement.

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

**NOTES TO FINANCIAL STATEMENTS**

**April 30, 2017**

**I. Summary of Significant Accounting Policies**

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

The Town's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

**Financial Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 61, Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

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

**Basis of Presentation, Basis of Accounting**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**April 30, 2017**

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

Basis of Presentation, Basis of Accounting (continued)

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

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

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

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.

The Town reports the following major enterprise funds:

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

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

**NOTES TO FINANCIAL STATEMENTS**

**April 30, 2017**

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

Measurement Focus, Basis of Accounting

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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

**NOTES TO FINANCIAL STATEMENTS**

**April 30, 2017**

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

Pension Plans

The Town of Lutcher is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 9. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Budgets and Budgetary Accounting

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

Cash and Cash Equivalents

Cash and cash equivalents, which include demand deposit accounts, interest-bearing demand deposit accounts, time deposits, and federal obligations, are stated at market value. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in obligations of the U.S. Treasury and U.S. agencies, demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

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

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

All fixed assets are stated at historical cost.

**Accounts Receivable**

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

**Accumulated Unpaid Vacation**

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

**Long Term Debt**

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**April 30, 2017**

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

Equity Classifications

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

Interfund Balances / Transfers

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

Deferred Outflows/Inflows of Resources

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

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

Note 9 presents detailed information concerning the amounts related to pensions, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Estimates

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

Statements of Cash Flows

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

Encumbrances

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

Risk Management

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at April 30, 2017.

Current Year Adoption of New Accounting Standards

GASB 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. The provisions of GASB 77 are effective for reporting periods beginning after December 15, 2015.

2. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended April 30, 2017, are as follows:

Governmental activities:

|   | Land and<br>Improvements | Buildings and<br>Improvements | Lutcher<br>Park | Streets      | Drainage   | Equipment  | Construction<br>in Progress | Total        |
|---|--------------------------|-------------------------------|-----------------|--------------|------------|------------|-----------------------------|--------------|
| Cost at April 30, 2016  | \$ 49,005                | \$ 288,557                    | \$ 345,635      | \$ 1,036,926 | \$ 541,002 | \$ 410,312 | \$ -                        | \$ 2,671,437 |
| Additions   | -                        | -                             | -               | 14,887       | -          | 11,124     | -                           | 26,011       |
| Deletions   | -                        | -                             | -               | -            | -          | (9,360)    | -                           | (9,360)      |
| Cost of Capital Assets<br>April 30, 2017                                | 49,005                   | 288,557                       | 345,635         | 1,051,813    | 541,002    | 412,076    | -                           | 2,688,088    |
| Accumulated depreciation<br>April 30, 2016                              | 5,580                    | 210,378                       | 287,155         | 289,393      | 200,687    | 318,031    | -                           | 1,311,224    |
| Additions   | 496                      | 5,799                         | 3,536           | 52,880       | 27,012     | 21,942     | -                           | 111,665      |
| Deletions   | -                        | -                             | -               | -            | -          | (2,563)    | -                           | (2,563)      |
| Accumulated depreciation<br>April 30, 2017                              | 6,076                    | 216,177                       | 290,691         | 342,273      | 227,699    | 337,410    | -                           | 1,420,326    |
| Capital Assets, net of<br>accumulated depreciation<br>at April 30, 2017 | \$ 42,929                | \$ 72,380                     | \$ 54,944       | \$ 709,540   | \$ 313,303 | \$ 74,666  | \$ -                        | \$ 1,267,762 |

Depreciation expense of \$111,665 for the year ended April 30, 2017 was charged to the following governmental functions:

|                      |                   |
|----------------------|-------------------|
| General Government   | \$ 13,758         |
| Streets and Drainage | 87,617            |
| Public Safety        | 10,290            |
|                      | <u>\$ 111,665</u> |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

2. **Capital Assets** (continued)

Business-type activities:

|   | Land and<br>Improvements | Water and Sewer<br>Facility and System | Equipment  | Construction<br>in<br>Progress | Total        |
|---|--------------------------|--|------------|--------------------------------|--------------|
| Total Cost of Capital Assets<br>April 30, 2016                          | \$ 49,925                | \$ 9,376,962                           | \$ 227,420 | \$ -                           | \$ 9,654,307 |
| Additions   | -                        | 10,536                                 | 20,910     | 431,391                        | 462,837      |
| Deletions   | -                        | -                                      | -          | -                              | -            |
| Cost of Capital Assets<br>April 30, 2017                                | 49,925                   | 9,387,498                              | 248,330    | 431,391                        | 10,117,144   |
| Accumulated depreciation<br>April 30, 2016                              | 15,151                   | 6,232,106                              | 147,444    | -                              | 6,394,701    |
| Additions   | 16                       | 191,473                                | 20,051     | -                              | 211,540      |
| Deletions   | -                        | -                                      | -          | -                              | -            |
| Accumulated depreciation<br>April 30, 2017                              | 15,167                   | 6,423,579                              | 167,495    | -                              | 6,606,241    |
| Capital Assets, net of<br>accumulated depreciation at<br>April 30, 2017 | \$ 34,758                | \$ 2,963,919                           | \$ 80,835  | \$ 431,391                     | \$ 3,510,903 |

Depreciation expense of \$211,540 for the year ended April 30, 2017 was charged to the following governmental functions:

|            |            |
|------------|------------|
| Sewer Fund | \$ 68,536  |
| Water Fund | 143,004    |
|            | \$ 211,540 |

The Town has one uncompleted construction project as of April 30, 2017 that are reported in construction in progress which amounts to \$431,391, and is for waterline system improvements project.

**Construction Commitment**

The Town has an active construction contract at April 30, 2017 totaling \$346,321. The remaining commitment on active construction project at April 30, 2017 is as follows:

| Project                       | Contract Amount | Remaining<br>Commitment |
|-------------------------------|-----------------|-------------------------|
| Water Fund:                   |                 |                         |
| Waterline System Improvements | \$ 346,321      | \$ 34,632               |
| Total commitment              | \$ 346,321      | \$ 34,632               |

3. **Receivables**

Receivables as of April 30, 2017 for the Town's governmental and business type funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

3. **Receivables** (continued)

**Governmental:**

|                       | <u>General</u>   | <u>Debt Service</u> | <u>Total</u>     |
|-----------------------|------------------|---------------------|------------------|
| Taxes:                |                  |                     |                  |
| Property              | \$ 11,301        | \$ 1,511            | \$ 12,812        |
| Sales                 | 22,742           | -                   | 22,742           |
| Total taxes           | <u>34,043</u>    | <u>1,511</u>        | <u>35,554</u>    |
| Accounts              |                  |                     |                  |
| Charges for Services  | 32,539           | -                   | 32,539           |
| Licenses and permits  | 16,338           | -                   | 16,338           |
| Fines and forfeitures | 17,038           | -                   | 17,038           |
| Total accounts        | 65,915           | -                   | 65,915           |
| Less: allowance       | (7,241)          | -                   | (7,241)          |
| Accounts, net         | <u>58,674</u>    | <u>-</u>            | <u>58,674</u>    |
| Other                 | 736              | -                   | 736              |
| Total receivables     | <u>\$ 93,453</u> | <u>\$ 1,511</u>     | <u>\$ 94,964</u> |

**Business type:**

|                      | <u>Sewer</u>      | <u>Water</u>     | <u>Total</u>      |
|----------------------|-------------------|------------------|-------------------|
| Taxes:               |                   |                  |                   |
| Property             | \$ -              | \$ 6,469         | \$ 6,469          |
| Total taxes          | <u>-</u>          | <u>6,469</u>     | <u>6,469</u>      |
| Accounts             |                   |                  |                   |
| Charges for services | 130,867           | 101,164          | 232,031           |
| Total accounts       | 130,867           | 101,164          | 232,031           |
| Less: allowance      | (8,834)           | (20,923)         | (29,757)          |
| Accounts, net        | 122,033           | 80,241           | 202,274           |
| Total receivables    | <u>\$ 122,033</u> | <u>\$ 86,710</u> | <u>\$ 208,743</u> |

4. **Due from Other Governmental Units**

Amounts due from other governmental units at April 30, 2017 consist of the following:

**Business type:**

|   |                       |
|---|-----------------------|
| LDHH - Drinking Water Revolving Loan Fund | <u>Due from other</u> |
|   | <u>\$ 296,000</u>     |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2017:

|                           | <u>Balance<br/>4/30/16</u> | <u>Additions</u>  | <u>Retirements</u> | <u>Debt<br/>Forgiven</u> | <u>Balance<br/>4/30/17</u> |
|---------------------------|----------------------------|-------------------|--------------------|--------------------------|----------------------------|
| Governmental activities:  |                            |                   |                    |                          |                            |
| General Obligation        |                            |                   |                    |                          |                            |
| Bonds, Series 2012A       | \$ 194,000                 | \$ -              | \$ 15,000          | \$ -                     | \$ 179,000                 |
|                           | <u>\$ 194,000</u>          | <u>\$ -</u>       | <u>\$ 15,000</u>   | <u>\$ -</u>              | <u>\$ 179,000</u>          |
| Business-type activities: |                            |                   |                    |                          |                            |
| General Obligation        |                            |                   |                    |                          |                            |
| Bonds, Series 2012        | \$ 1,019,000               | \$ -              | \$ 49,000          | \$ -                     | \$ 970,000                 |
| General Obligation        |                            |                   |                    |                          |                            |
| Bonds, Series 2016        | -                          | 474,977           | -                  | 94,994                   | 379,983                    |
|                           | <u>\$ 1,019,000</u>        | <u>\$ 474,977</u> | <u>\$ 49,000</u>   | <u>\$ 94,994</u>         | <u>\$ 1,349,983</u>        |

Bonds payable at April 30, 2017 were comprised of the following individual issues:

Governmental activities:

Debt Service Fund

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

\$ 179,000

Business-type activities:

Water Fund

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

\$ 970,000

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

379,983

\$ 1,349,983

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

The annual requirements to amortize all debt outstanding as of April 30, 2017, including interest payments of \$366,160 are as follows:

| <u>Year ending<br/>April 30,</u> | <u>Principal</u>   | <u>Interest</u>   | <u>Total</u>        |
|----------------------------------|--------------------|-------------------|---------------------|
| 2018                             | \$ 82,000          | \$ 41,785         | \$ 123,785          |
| 2019                             | 84,000             | 39,518            | 123,518             |
| 2020                             | 86,000             | 37,192            | 123,192             |
| 2021                             | 90,000             | 34,807            | 124,807             |
| 2022                             | 93,000             | 32,314            | 125,314             |
| 2023 - thereafter                | 1,093,983          | 180,544           | 1,274,527           |
|                                  | <u>\$1,528,983</u> | <u>\$ 366,160</u> | <u>\$ 1,895,143</u> |

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

6. **Ad Valorem Taxes**

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2017 taxes of 7 mills were levied on property with assessed valuations totaling \$17,250,626 for general purposes. Additional taxes of 4.94 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended April 30, 2017 totaled \$205,976.

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

Interfund transfers at April 30, 2017, were as follows:

| <u>Fund</u>  | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------|---------------------|----------------------|
| General Fund | \$ 355,000          | \$ -                 |
| Sewer Fund   | -                   | 355,000              |
|              | <u>\$ 355,000</u>   | <u>\$ 355,000</u>    |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

**8. Individual Funds with Deficits**

Expenses / expenditures exceeded revenues during the fiscal year ended April 30, 2017 for the following fund:

|            |                   |
|------------|-------------------|
| Sewer Fund | \$ 151,218        |
|            | <u>\$ 151,218</u> |

The deficit was covered by the fund balance or net position carried forward from previous years.

**9. Pension and Retirement Plans**

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

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

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

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

The Town implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

**Plan Descriptions:**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

**Plan Descriptions:** (continued)

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

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

**Funding Policy:**

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended April 30, 2017, for the Town and covered employees were as follows:

|   | <u>Town</u> | <u>Employees</u> |
|---|-------------|------------------|
| Municipal Employees' Retirement System Plan B   |             |                  |
| Members hired prior to 01/01/2013               | 11.00%      | 9.50%            |
| Members hired after 01/01/2013                  | 11.00%      | 9.50%            |
| Municipal Police Employees' Retirement Systems  |             |                  |
| All employees hired prior to 01/01/2013 and all |             |                  |
| Hazardous Duty employees hired after            |             |                  |
| 01/01/2013                                      | 31.75%      | 10.00%           |
| Non-Hazardous Duty (hired after 01/01/2013)     | 33.75%      | 8.00%            |
| Employees receiving compensation below          |             |                  |
| poverty guidelines of US Department of health   | 34.25%      | 7.50%            |

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of the years ending April 30, 2017 were as follows:

|  | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|
| Municipal Employees' Retirement System |             |             |             |
| Plan B                                 | \$ 55,896   | \$ 47,421   | \$ 43,671   |
| Municipal Police Employees' Retirement |             |             |             |
| System                                 | \$ 14,410   | \$ 6,785    | \$ -        |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

**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, 2016 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of April 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 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<br>Liability at<br>June 30, 2016 | Rate at<br>June 30, 2016 | Increase (Decrease)<br>on June 30, 2015<br>Rate |
|--|--|--------------------------|---|
| Municipal Employees' Retirement System<br>Plan B | \$ 626,671                                   | 0.7560%                  | 0.0564%   |
| Municipal Police Employees' Retirement<br>System | 355,370                                      | 0.0379%                  | -0.0021%  |
|  | \$ 982,041                                   |                          |   |

At April 30, 2017, the net pension liability is reflected on the Statement of Net Position as follows:

|                          |            |
|--------------------------|------------|
| Governmental Activities  | \$ 339,228 |
| Business-Type Activities | 393,487    |
| Total                    | \$ 732,715 |

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended April 30, 2017:

|   |            |
|---|------------|
| Municipal Employees' Retirement System Plan B | \$ 144,097 |
| Municipal Police Employees' Retirement System | 34,559     |
|   | \$ 178,656 |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

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

At April 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 10,296                                 | \$ (9,061)                               |
| Changes of assumptions   | 31,228                                    | (1,687)                                  |
| Net difference between projected and actual earnings on<br>pension plan investments                              | 169,925                                   | -  |
| Changes in proportion and differences between Employer<br>contributions and proportionate share of contributions | 123,341                                   | (723)                                    |
| Employer contributions subsequent to the measurement date  | 62,099                                    | -  |
| Total  | <u>\$ 396,889</u>                         | <u>\$ (11,471)</u>                       |

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

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows of<br/>Resources</u> |
|---|---|--|
| Municipal Employees' Retirement System Plan B | \$ 300,403                                | \$ (9,770)                               |
| Municipal Police Employees' Retirement System | 96,486                                    | (1,701)                                  |
|   | <u>\$ 396,889</u>                         | <u>\$ (11,471)</u>                       |

The Town reported a total of \$62,099 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended April 30, 2018. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

|   | <u>Subsequent<br/>Contributions</u> |
|---|-------------------------------------|
| Municipal Employees' Retirement System Plan B | \$ 50,254                           |
| Municipal Police Employees' Retirement System | 11,845                              |
|   | <u>\$ 62,099</u>                    |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

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

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

| Year | MERS              | MPERS            | Total             |
|------|-------------------|------------------|-------------------|
| 2017 | \$ 87,971         | \$ 25,420        | \$ 113,391        |
| 2018 | 70,719            | 25,841           | 96,560            |
| 2019 | 58,307            | 27,535           | 85,842            |
| 2020 | 23,382            | 4,144            | 27,526            |
|      | <u>\$ 240,379</u> | <u>\$ 82,940</u> | <u>\$ 323,319</u> |

**Actuarial Assumptions:**

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2016 are as follows:

|   | <u>MERS</u>   | <u>MPERS</u>  |                         |                           |     |       |      |       |         |       |
|---|---|---|-------------------------|---------------------------|-----|-------|------|-------|---------|-------|
| <b>Valuation Date</b>                   | June 30, 2016   | June 30, 2016   |                         |                           |     |       |      |       |         |       |
| <b>Actuarial Cost Method</b>            | Entry Age Normal Cost   | Entry Age Normal cost   |                         |                           |     |       |      |       |         |       |
| <b>Actuarial Assumptions:</b>           |   |   |                         |                           |     |       |      |       |         |       |
| <b>Expected Remaining Service Lives</b> | 3 years   | 4 years   |                         |                           |     |       |      |       |         |       |
| <b>Investment Rate of Return</b>        | 7.50%   | 7.50% net of investment expenses  |                         |                           |     |       |      |       |         |       |
| <b>Inflation Rate</b>                   | 2.875%  | 2.75%   |                         |                           |     |       |      |       |         |       |
| <b>Mortality</b>                        | For annuitant and beneficiary mortality tables used were RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. For employees, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females. For disable Annuitants, RP-2000 Disable Lives Mortality Table set back 5 years for males and set back 3 years for females. | RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members   |                         |                           |     |       |      |       |         |       |
| <b>Salary Increases</b>                 | 5.00%   | <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">Over 23</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table> | <u>Years of Service</u> | <u>Salary Growth Rate</u> | 1-2 | 9.75% | 3-23 | 4.75% | Over 23 | 4.25% |
| <u>Years of Service</u>                 | <u>Salary Growth Rate</u>   |   |                         |                           |     |       |      |       |         |       |
| 1-2                                     | 9.75%   |   |                         |                           |     |       |      |       |         |       |
| 3-23                                    | 4.75%   |   |                         |                           |     |       |      |       |         |       |
| Over 23                                 | 4.25%   |   |                         |                           |     |       |      |       |         |       |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

**Actuarial Assumptions** (continued)

|                                   | <u>MERS</u>  | <u>MPERS</u>   |
|-----------------------------------|--|--|
| <b>Cost of Living Adjustments</b> | <p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p> | <p>The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.</p> |

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

| <u>MERS</u>  | <u>MPERS</u>  |
|--|---|
| <p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-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 2.50% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.60% for the year ended June 30, 2016.</p> | <p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.25% for the year ended June 30, 2016.</p> |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

**Actuarial Assumptions** (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2016:

| Asset Class                        | Target Allocation |               | Long-Term Expected Real Rate of Return |              |
|------------------------------------|-------------------|---------------|--|--------------|
|                                    | MERS              | MPERS         | MERS                                   | MPERS        |
| Public equity                      | 50.0%             | -             | 2.60%                                  | -            |
| Equity                             | -                 | 53.0%         | -                                      | 3.69%        |
| Public fixed income                | 35.0%             | -             | 1.80%                                  | -            |
| Fixed Income                       | -                 | 21.0%         | -                                      | 0.49%        |
| Alternatives                       | 15.0%             | 20.0%         | 0.80%                                  | 1.11%        |
| Other                              | -                 | 6.0%          | -                                      | 0.21%        |
| Total                              | <u>100.0%</u>     | <u>100.0%</u> | <u>5.20%</u>                           | <u>5.50%</u> |
| Inflation                          |                   |               | <u>2.50%</u>                           | <u>2.75%</u> |
| Expected Arithmetic Nominal Return |                   |               | <u>7.70%</u>                           | <u>8.25%</u> |

**Discount Rate:**

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 7.50% and 7.50%, respectively for the measurement period ending June 30, 2016.

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

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

|                                | 1.0% Decrease | Current Discount Rate | 1.0% Increase |
|--------------------------------|---------------|-----------------------|---------------|
| MERS (Plan B)                  |               |                       |               |
| Rates                          | 6.50%         | 7.50%                 | 8.50%         |
| Town of Lutcher's Share of NPL | \$ 810,680    | \$ 626,671            | \$ 469,673    |
| MPERS                          |               |                       |               |
| Rates                          | 6.50%         | 7.50%                 | 8.50%         |
| Town of Lutcher's Share of NPL | \$ 141,366    | \$ 106,044            | \$ 76,388     |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

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

**Payables to the Pension Plan:**

The Town recorded accrued liabilities to each of the Retirement Systems for the year ended April 30, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. At April 30, 2017 there were no amounts owed to the retirement systems.

10. **Segments of Enterprise Activities**

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended April 30, 2017 for these services are as follows:

|  | <u>Sewer Fund</u> | <u>Water Fund</u> | <u>Total</u> |
|--|-------------------|-------------------|--------------|
| Operating revenues                     | \$ 937,253        | \$ 621,194        | \$ 1,558,447 |
| Operating expenses                     | \$ 767,707        | \$ 763,238        | \$ 1,530,945 |
| Depreciation                           | \$ 68,536         | \$ 143,004        | \$ 211,540   |
| Income (loss) from operations          | \$ 169,546        | \$ (142,044)      | \$ 27,502    |
| Non-operating revenue (expense)        | \$ 34,236         | \$ 196,946        | \$ 231,182   |
| Net operating transfers                | \$ (355,000)      | \$ -              | \$ (355,000) |
| Change in net position                 | \$ (151,218)      | \$ 54,902         | \$ (96,316)  |
| Acquisitions of capital assets         | \$ 10,128         | \$ 452,709        | \$ 462,837   |
| Net working capital                    | \$ 379,759        | \$ 370,022        | \$ 749,781   |
| Total assets and deferred outflows     | \$ 1,322,643      | \$ 4,159,335      | \$ 5,481,978 |
| Total liabilities and deferred inflows | \$ 277,746        | \$ 1,967,619      | \$ 2,245,365 |
| Outstanding revenue bonds              | \$ -              | \$ 1,349,983      | \$ 1,349,983 |
| Total net position                     | \$ 1,044,897      | \$ 2,191,716      | \$ 3,236,613 |

11. **Restricted Assets**

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

As of April 30, 2017, the Town was in compliance with all related debt covenants.

At April 30, 2017, the Town has \$100,486 of cash restricted for the refunding of customer meter deposits.

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

12. **Cash and Certificates of Deposit**

At April 30, 2017, the carrying amounts of the Town's deposits were as follows:

|  |  |    |              |
|--|--|----|--------------|
| Petty cash                               |  | \$ | 200          |
| Demand deposit accounts/savings accounts |  |    | 1,177,584    |
| Restricted cash                          |  |    | 658,188      |
| Total                                    |  |    | \$ 1,835,972 |

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

13. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At April 30, 2017, the Town's bank balances totaled \$1,927,584. Of these bank balances, \$500,000 was covered by federal depository insurance, and \$1,527,584 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

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

Fund balance is restricted as follows:

|                 | General Fund | Debt Service<br>Fund | Water<br>Fund | Total      |
|-----------------|--------------|----------------------|---------------|------------|
| Restricted for: |              |                      |               |            |
| Bond retirement | \$ -         | \$ 85,346            | \$ 467,915    | \$ 553,261 |
| Capital outlay  | 4,677        | -                    | -             | 4,677      |
|                 | \$ 4,677     | \$ 85,346            | \$ 467,915    | \$ 557,938 |

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

**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2017**

15. **Commitments**

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

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2017, that have initial or remaining terms in excess of one year.

| <u>Year Ending April 30,</u> | <u>Minimum Payments</u> |
|------------------------------|-------------------------|
| 2018                         | \$ 116,556              |
| 2019                         | 2,307                   |
| 2020                         | 2,307                   |
| 2021                         | 2,307                   |
| 2022                         | 1,730                   |
|                              | <u>\$ 125,207</u>       |

16. **Litigation and Claims**

The Town of Lutcher is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

17. **Subsequent Events**

In preparing the financial statements, the Town of Lutcher has evaluated events and transactions for potential recognition or disclosure through October 31, 2017 and determined that there were no events that required disclosures. No subsequent events after this date have been evaluated for inclusion in these financial statements.

18. **Tax Abatement**

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending April 30, 2017, the Town did not participate in any Tax Exemption Programs.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**SCHEDULE OF THE TOWN OF LUTCHER'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED APRIL 30, 2017 (\*)**

| <u>Pension Plan</u>                                    | <u>Year</u> | <u>Employer's Proportion of the Net Pension Liability (Asset)</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Employer's Covered-Employee Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|--|-------------|---|--|--|--|---|
| <b>Municipal Employees' Retirement System (Plan B)</b> |             |   |  |  |  |   |
|  | 2016        | 0.7560%   | \$ 626,671   | \$ 555,452                                 | 112.8218%  | 63.34%  |
|  | 2015        | 0.6997%   | 475,515  | 485,462                                    | 97.9510%   | 68.71%  |
|  | 2014        | 0.6330%   | 297,170  | 397,823                                    | 74.6990%   | 76.94%  |
| <b>Municipal Police Employees' Retirement System</b>   |             |   |  |  |  |   |
|  | 2016        | 0.0113%   | \$ 106,044   | \$ 31,692                                  | 334.6081%  | 66.04%  |
|  | 2015        | 0.0000%   | -  | -  | 0.0000%  | 70.73%  |
|  | 2014        | 0.0000%   | -  | -  | 0.0000%  | 75.10%  |

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

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

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**SCHEDULE OF THE TOWN OF LUTCHER'S CONTRIBUTIONS**  
**FOR THE YEAR ENDED APRIL 30, 2017**

| Pension<br>Plan:                                       | Year | Contractually<br>Required<br>Contribution <sup>1</sup> | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution <sup>2</sup> | Contribution<br>Deficiency<br>(Excess) | Employer's<br>Covered<br>Employee<br>Payroll <sup>3</sup> | Contributions as a % of<br>Covered Employee<br>Payroll |
|--|------|--|---|--|---|--|
| <b>Municipal Employees' Retirement System (Plan B)</b> |      |  |   |  |   |  |
|  | 2017 | \$ 55,896  | \$ 55,896   | \$ -                                   | \$ 561,941  | 9.9470%  |
|  | 2016 | 47,421   | 47,421  | -                                      | 536,600   | 8.8373%  |
|  | 2015 | 43,671   | 43,671  | -                                      | 464,868   | 9.3943%  |
| <b>Municipal Police Employees' Retirement System</b>   |      |  |   |  |   |  |
|  | 2017 | \$ 14,410  | \$ 14,410   | \$ -                                   | \$ 46,000   | 31.3261%   |
|  | 2016 | 6,785  | 6,785   | -                                      | 23,000  | 29.5000%   |

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

***For reference only:***

<sup>1</sup> *Employer contribution rate multiplied by employer's covered employee payroll*

<sup>2</sup> *Actual employer contributions remitted to Retirement Systems*

<sup>3</sup> *Employer's covered employee payroll amount for each of the fiscal year ended April 30, 2017, 2016 and 2015*

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED APRIL 30, 2017**

**Changes of Benefit Terms include:**

Municipal Employee's Retirement System (Plan B)  
· No Changes

Municipal Police Employee's Retirement System  
· No Changes

**Changes of Assumptions:**

Municipal Employee's Retirement System (Plan B)  
· Investment rate of return decreased 0.25% to 7.5%  
· Projected salary increases decreased 0.75% to 5.0% (2.875 Inflation, 2.125% Merit)  
· Discount rate decreased 0.25% to 7.5%

Municipal Police Employee's Retirement System  
· Inflation rate decreased 0.125% to 2.875%

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2017**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Amended<br/>Budget</u> | <u>Actual</u>     |
|--|----------------------------|-------------------------------------|-------------------|
| <b><u>REVENUES</u></b>                   |                            |                                     |                   |
| Taxes                                    | \$ 335,000                 | \$ 375,000                          | 384,160           |
| Franchise taxes                          | 89,000                     | 76,400                              | 77,681            |
| Garbage fees                             | 242,000                    | 238,000                             | 244,103           |
| Licenses and permits                     | 125,000                    | 124,000                             | 141,496           |
| Intergovernmental revenues:              |                            |                                     |                   |
| Beer                                     | 500                        | 1,300                               | 1,336             |
| Grants                                   | -                          | 28,962                              | 29,022            |
| Fines                                    | 10,000                     | 65,000                              | 83,331            |
| Other revenue                            | 149,000                    | 130,842                             | 108,230           |
| <b>Total revenues</b>                    | <u>950,500</u>             | <u>1,039,504</u>                    | <u>1,069,359</u>  |
| <b><u>EXPENDITURES</u></b>               |                            |                                     |                   |
| Current operating expenditures:          |                            |                                     |                   |
| General government                       | 327,190                    | 342,750                             | 337,425           |
| Streets and drainage                     | 540,700                    | 549,902                             | 465,182           |
| Public safety                            | 230,700                    | 253,150                             | 241,414           |
| Sanitation                               | 225,000                    | 230,000                             | 227,833           |
| <b>Total expenditures</b>                | <u>1,323,590</u>           | <u>1,375,802</u>                    | <u>1,271,854</u>  |
| <b><u>EXCESS (DEFICIENCY) OF</u></b>     |                            |                                     |                   |
| <b><u>REVENUES OVER EXPENDITURES</u></b> | (373,090)                  | (336,298)                           | (202,495)         |
| <b><u>OTHER FINANCING SOURCES</u></b>    |                            |                                     |                   |
| Transfers in                             | 300,000                    | 355,000                             | 355,000           |
| <b>Total other financing sources</b>     | <u>300,000</u>             | <u>355,000</u>                      | <u>355,000</u>    |
| <b><u>NET CHANGE IN FUND BALANCE</u></b> | (73,090)                   | 18,702                              | 152,505           |
| <b><u>FUND BALANCE</u></b>               |                            |                                     |                   |
| Beginning of year                        | 336,296                    | 336,296                             | 360,712           |
| End of year                              | <u>\$ 263,206</u>          | <u>\$ 354,998</u>                   | <u>\$ 513,217</u> |

**TOWN OF LUTCHER**

**Lutcher, Louisiana**

**BUDGETARY COMPARISON SCHEDULE**

**SCHEDULE OF EXPENDITURES**

**GENERAL FUND**

**YEAR ENDED APRIL 30, 2017**

|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Amended<br/>Budget</u> | <u>Actual</u>  |
|------------------------------------|----------------------------|-------------------------------------|----------------|
| <b><u>GENERAL GOVERNMENT</u></b>   |                            |                                     |                |
| Salaries                           | \$ 137,600                 | \$ 135,100                          | \$ 167,389     |
| Planning and zoning                | 22,200                     | 19,200                              | 7,328          |
| Professional fees                  | 20,500                     | 16,000                              | 18,829         |
| Electricity                        | 10,000                     | 15,000                              | 13,998         |
| Insurance                          | 39,740                     | 44,500                              | 41,518         |
| Supplies and maintenance           | 6,000                      | 9,500                               | 8,800          |
| Miscellaneous                      | 7,450                      | 25,450                              | 13,516         |
| Retirement                         | 8,000                      | 10,500                              | 9,542          |
| Office expenses                    | 28,500                     | 26,000                              | 21,405         |
| Payroll taxes                      | 9,500                      | 11,000                              | 10,243         |
| Per diem                           | 2,000                      | 9,000                               | 7,259          |
| Capital outlay                     | 17,000                     | 1,000                               | -              |
| Dues and subscriptions             | 1,500                      | 2,500                               | 2,308          |
| Education and conventions          | 6,000                      | 5,500                               | 4,745          |
| Computer                           | 2,500                      | 2,500                               | 1,481          |
| Telephone                          | 8,700                      | 10,000                              | 9,064          |
| Total general government           | <u>327,190</u>             | <u>342,750</u>                      | <u>337,425</u> |
| <b><u>STREETS AND DRAINAGE</u></b> |                            |                                     |                |
| Salaries                           | 98,100                     | 142,460                             | 126,915        |
| Miscellaneous                      | 118,600                    | 112,642                             | 66,957         |
| Gasoline, oil, and diesel          | 6,000                      | 7,000                               | 6,315          |
| Street drainage and ditching       | -                          | 10,000                              | 12,772         |
| Street signs                       | 1,000                      | 3,500                               | 2,858          |
| Truck and tractor expense          | 6,000                      | 15,000                              | 14,173         |
| Supplies and maintenance           | 42,000                     | 77,500                              | 77,400         |
| Electricity                        | 65,000                     | 65,000                              | 60,552         |
| Capital outlay                     | 152,500                    | 67,800                              | 53,814         |
| Insurance                          | 41,000                     | 35,000                              | 31,643         |
| Retirement                         | 10,000                     | 10,000                              | 8,532          |
| Uniforms                           | 500                        | 4,000                               | 3,251          |
| Total streets and drainage         | <u>540,700</u>             | <u>549,902</u>                      | <u>465,182</u> |

*(continued)*

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHEDULE OF EXPENDITURES**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2017**

|                             | <u>Original<br/>Budget</u> | <u>Final<br/>Amended<br/>Budget</u> | <u>Actual</u>           |
|-----------------------------|----------------------------|-------------------------------------|-------------------------|
| <b><u>PUBLIC SAFETY</u></b> |                            |                                     |                         |
| Salaries                    | 140,000                    | 147,500                             | 143,455                 |
| Gasoline and oil            | 7,000                      | 6,500                               | 5,524                   |
| Uniforms                    | 1,000                      | 1,200                               | 1,260                   |
| Telephone                   | 3,000                      | 3,000                               | 2,806                   |
| Insurance                   | 44,000                     | 42,000                              | 38,343                  |
| Vehicle expenses            | 2,500                      | 2,500                               | 2,078                   |
| Supplies and maintenance    | 4,000                      | 2,000                               | 4,426                   |
| Office supplies             | 1,000                      | 7,350                               | 6,903                   |
| Payroll taxes               | 10,000                     | 12,500                              | 11,943                  |
| Printing & publishing       | 500                        | 500                                 | 150                     |
| Retirement                  | 12,000                     | 20,000                              | 18,750                  |
| Capital Outlay              | -                          | -                                   | 5,817                   |
| Miscellaneous               | 5,700                      | 8,100                               | (41)                    |
| Total public safety         | <u>230,700</u>             | <u>253,150</u>                      | <u>241,414</u>          |
| <b><u>SANITATION</u></b>    |                            |                                     |                         |
| Solid waste disposal        | <u>225,000</u>             | <u>230,000</u>                      | <u>227,833</u>          |
| Total sanitation            | <u>225,000</u>             | <u>230,000</u>                      | <u>227,833</u>          |
| <br>Total all departments   | <br><u>\$ 1,323,590</u>    | <br><u>\$ 1,375,802</u>             | <br><u>\$ 1,271,854</u> |

*(concluded)*

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Lutchet, Louisiana, (the Town) as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Lutchet, Louisiana's basic financial statements and have issued our report thereon dated October 31, 2017.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lutchter, 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2017-001.

### Town of Lutchter, Louisiana's Response to Finding

The Town of Lutchter, Louisiana's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town of Lutchter, 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.

*Post the results of the audit*

Donaldsonville, Louisiana  
October 31, 2017

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**YEAR ENDED APRIL 30, 2017**

**SECTION I - SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

Yes  No

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

Yes  None reported

Noncompliance material to financial statements noted?

Yes  No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**SIGNIFICANT DEFICIENCIES**

None

**MATERIAL WEAKNESSES**

None

**COMPLIANCE WITH STATE LAWS AND REGULATIONS**

**2017-001 Sale of Property by a Municipality**

*Criteria:* Louisiana Revised Statute 33:4712(F) states that a municipality may sell any movable property having an appraised value of five thousand dollars or less at a private sale once a resolution is passed giving the reasons for the action and setting the minimum price and terms of the sale. In addition, a notice of the resolution and proposed sale must be published at least 15 days prior to the date of the sale and the sale must be made to the highest bidder.

*Condition:* A tractor was traded in when purchasing a new tractor. A declaration of surplus property was not made, nor was an auction held for the sale of the equipment that was traded in.

*Cause:* The Town traded in a tractor when purchasing a new tractor and did not properly treat the two transactions separately, as the purchase and disposal of assets.

*Effect:* Failure to follow proper procedures over sales of movable property is a violation of Louisiana Revised Statute 33:4712(F).

*Recommendation:* The Town shall follow proper procedures as defined by Louisiana Revised Statute 33:4712(F) regarding the disposal of surplus movable property.

*View of Responsible Official:* We concur with the finding. Procedures for dispositions of property that follow Louisiana Law will be adopted and implemented.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED APRIL 30, 2017**

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESSES**

None

**SIGNIFICANT DEFICIENCIES**

**2016-001 Use of Credit Cards**

*Condition:* Management should ensure there are adequate controls over credit card purchases.

*Current Status:* The Town implemented a new procedure that requires credit card purchases to have a purchase order approval form prior to purchase. Also a credit card issuance log was implemented for both credit cards and gas cards.

**B. FINDINGS – COMPLIANCE WITH STATE LAWS AND REGULATIONS**

None



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

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

## ***Town of Lutchier***

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



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

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

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

### **CORRECTIVE ACTION PLAN**

October 31, 2017

Louisiana Legislative Auditor

The Town of Lutchier respectfully submits the following corrective action plan for the year ended April 30, 2017.

Name and address of independent public accounting firm:

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

Audit Period: May 1, 2016 – April 30, 2017

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

### **FINDINGS – SCHEDULE OF FINDINGS AND RESPONSES**

#### **2017-001 Sale of Property by a Municipality**

*Criteria:* Louisiana Revised Statute 33:4712(F) states that a municipality may sell any movable property having an appraised value of five thousand dollars or less at a private sale once a resolution is passed giving the reasons for the action and setting the minimum price and terms of the sale. In addition, a notice of the resolution and proposed sale must be published at least 15 days prior to the date of the sale and the sale must be made to the highest bidder.

*Condition:* A tractor was traded in when purchasing a new tractor. A declaration of surplus property was not made, nor was an auction held for the sale of the equipment that was traded in.

*Cause:* The Town traded in a tractor when purchasing a new tractor and did not properly treat the two transactions separately, as the purchase and disposal of assets.

*Effect:* Failure to follow proper procedures over sales of movable property is a violation of Louisiana Revised Statute 33:4712(F).

*Recommendation:* The Town shall follow proper procedures as defined by Louisiana Revised Statute 33:4712(F) regarding the disposal of surplus movable property.

*View of Responsible Official:* We concur with the finding. Procedures for dispositions of property that follow Louisiana Law will be adopted and implemented.

### **ML 2017-001 Internal Controls – Redflex Collections**

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

**Recommendations:** The Town should reconcile the tickets that have been approved for issuance to the collection log generated by RedFlex on a monthly basis. Any outstanding items should reconcile to the Aging report generated by RedFlex. The collection log should also be reconciled to agree to the monthly summary report that agrees to the deposit on the Town's bank statement.

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

Sincerely,



Patrick St. Pierre  
Mayor



Vanessa C. Roussel, MMC  
Town Clerk

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF LUTCHER**  
**Lutcher, Louisiana**  
**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES**  
**YEAR ENDED APRIL 30, 2017**

|                      | Salaries<br>during the<br>year ended<br><u>April 30, 2017</u> |
|----------------------|---|
| Mayor:               |   |
| Patrick St. Pierre   | \$ 28,500   |
| Aldermen:            |   |
| Darlene Riley        | 8,505   |
| Donald Batiste       | 8,505   |
| Danny Manuel         | 8,480   |
| Ronald J. St. Pierre | 8,505   |
| Thomas George        | 8,505   |
| Chief of Police:     |   |
| Dwan Bowser          | 46,450  |
|                      | <hr/>   |
|                      | <u>\$ 117,450</u>   |

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

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**YEAR ENDED APRIL 30, 2017**

Agency Head Name/Title: Mayor Patrick St. Pierre

| <b><u>Purpose</u></b>                  |    | <b><u>Amount</u></b> |
|--|----|----------------------|
| Salary                                 | \$ | 28,500               |
| Benefits - insurance                   |    | 6,917                |
| Benefits - retirement                  |    | 3,064                |
| Car allowance                          |    | -                    |
| Vehicle provided by government         |    | -                    |
| Per diem                               |    | -                    |
| Reimbursements                         |    | -                    |
| Travel                                 |    | -                    |
| Registration fees                      |    | -                    |
| Conference travel                      |    | 317                  |
| Continuing professional education fees |    | -                    |
| Housing                                |    | -                    |
| Unvouchered expenses                   |    | -                    |
| Special meals                          |    | 838                  |
| Telephone Expense                      |    | 1,079                |
| Mileage                                |    | 3,908                |
| Other                                  |    | 8                    |
| Total                                  | \$ | <u>44,631</u>        |

**PERFORMANCE AND STATISTICAL DATA**

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

**INSURANCE-IN-FORCE**  
**April 30, 2017**  
**(Without Audit)**

| <b><u>Type of Coverage</u></b>  | <b><u>Name of Insurer</u></b> | <b><u>Expiration Date</u></b> | <b><u>Coverage Limits</u></b>      |
|---|-------------------------------|-------------------------------|------------------------------------|
| General Liability (business, auto, crime, law enforcement & public officials) | Risk Management, Inc.         | May 1, 2018                   | \$ 2,000,000                       |
| Boiler & Machinery Equip.   | Rod Prejean & Assoc.          | May 1, 2018                   | \$ 3,445,000                       |
| Public Officials Bond   | Rod Prejean & Assoc           | January 24, 2018              | \$ 10,000                          |
| Commercial Property   | Englade Boudreaux             | June 12, 2017                 | \$ 2,057,126                       |
| FHA Bond  | Rod Prejean & Assoc           | January 27, 2018              | \$ 70,000                          |
| Tractor Equipment   | Englade Boudreaux             | March 2, 2018                 | Various limits totaling \$ 104,797 |
| Governmental Crime Policy   | Rod Prejean & Assoc           | March 23, 2018                | \$ 10,000                          |
| Vehicle Physical Damage   | Rod Prejean & Assoc           | May 1, 2018                   | \$ 145,689                         |
| Water Intake Structure<br>Inland Marine                                       | Englade Boudreaux             | November 15, 2017             | \$475,000                          |
| Workers Compensation  | Risk Management, Inc.         | May 1, 2018                   | \$700,000                          |

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

**PUBLIC UTILITY SYSTEM OPERATIONS**  
**APRIL 30, 2017**  
**(Without Audit)**

Statistics on System Operations

- (a) As of April 30, 2017 the number of metered customers was 1,382 and 1,288 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2017.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2017 for water and sewer services:
- (1) Water

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

Residential Customers

|                    |  |
|--------------------|--|
| 0 – 2,500 gallons  | \$17.77 (base rate)                          |
| Over 2,500 gallons | \$3.50 per 1,000 gallons or fraction thereof |

Small Commercial Customers

|                    |  |
|--------------------|--|
| 0 – 5,000 gallons  | \$40.00 (base rate)                          |
| Over 5,000 gallons | \$3.50 per 1,000 gallons or fraction thereof |

Medium Commercial Customers

|                     |  |
|---------------------|--|
| 0 – 10,000 gallons  | \$55.00 (base rate)                          |
| Over 10,000 gallons | \$3.50 per 1,000 gallons or fraction thereof |

Large Commercial Customers

|                     |  |
|---------------------|--|
| 0 – 25,000 gallons  | \$70.00 (base rate)                          |
| Over 25,000 gallons | \$3.50 per 1,000 gallons or fraction thereof |

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

**PUBLIC UTILITY SYSTEM OPERATIONS**  
**APRIL 30, 2017**  
**(Without Audit)**

Statistics on System Operations (continued)

(2) Sewer

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

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

(c) Average monthly billing per customer during the year ended April 30, 2017:

|          |                 |
|----------|-----------------|
| 1. Water | \$ <u>33.94</u> |
| 2. Sewer | \$ <u>19.04</u> |



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*A Professional Accounting Corporation*

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

We have audited the financial statements of the Town of Lutcher for the year ended April 30, 2017, and have issued our report thereon dated October 31, 2017. Professional standards suggest that we provide you with the following information related to our audit.

As stated in our engagement letter dated June 19, 2017, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Town of Lutcher. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure. During the course of the performance of our audit procedures and documentation of the Town's internal controls, we noted certain immaterial items that have been communicated to management by way of discussion. The following is a description of items that were of such significance to comment in a formal management letter.

**ML-2017-001 Internal Controls – RedFlex Collections**

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

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

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

A handwritten signature in blue ink, appearing to read 'Postlethwaite &amp; Netterville', is written over a faint, larger version of the company logo.

Donaldsonville, Louisiana  
October 31, 2017