

Financial Statements

Town of Litcher

April 30, 2022



Postlethwaite & Netterville

TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL STATEMENTS

APRIL 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutchet, Louisiana, (the Town) as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of April 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the schedule of the Town of Litcher's proportionate share of the net pension liability for the retirement systems on page 45, the schedule of contributions to each retirement system (defined benefit cost sharing plans only) on page 46, the notes to required supplementary information on pages 47 through 48, and the budgetary comparison schedule on pages 49 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, and the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare basic the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, and the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the insurance-in-force (without audit) and the public utility system operations (without audit) but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 31, 2022

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2022

This section of the annual financial report of the Town of Lutcher, Louisiana (the Town) presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2022. 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 \$5,104,206 (net position). Of this amount, \$578,341 (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 \$30,442 more than the \$2,775,877 generated in charges for services, taxes, other revenue, and transfers. In the Town's business-type activities, expenses and transfers were \$161,909 more than the \$2,511,256 generated in revenues.
- The general fund reported a \$722,499 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2022

Figure A-1

Major Features of the 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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2022

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, and franchise fees finance most of these activities.
- Business-type activities - The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

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

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

The Town has two kinds of funds:

- Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them. The Town's major governmental fund is the General Fund.
- 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. The Town has two major proprietary funds which are the Sewer Fund and the Water Fund.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2022

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position decreased between fiscal years ended April 30, 2021 and April 30, 2022 to \$5,104,206. (See Table A-1.)

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Current and other assets	\$ 1,358,438	\$ 889,184	\$ 1,810,544	\$ 1,280,089
Capital assets	1,832,116	1,782,707	2,915,424	3,107,627
Restricted assets	35,853	49,819	377,983	415,311
Total assets	3,226,407	2,721,710	5,103,951	4,803,027
Deferred outflows of resources	76,050	91,591	71,819	110,515
Total assets and deferred outflows of resources	3,302,457	2,813,301	5,175,770	4,913,542
Current liabilities	638,602	58,743	757,115	206,843
Long term liabilities	89,761	112,255	1,134,430	1,185,087
Net pension liability	250,270	372,223	299,645	465,932
Total liabilities	978,633	543,221	2,191,190	1,857,862
Deferred inflows of resources	102,173	17,987	102,025	11,216
Total liabilities and deferred inflows of resources	1,080,806	561,208	2,293,215	1,869,078
Net position				
Invested in capital assets, net of related debt	1,735,714	1,668,117	1,893,057	2,010,643
Restricted	637,917	607,048	259,177	297,212
Unrestricted	(151,980)	(23,072)	730,321	736,609
Total net position	\$ 2,221,651	\$ 2,252,093	\$ 2,882,555	\$ 3,044,464

Net position of the Town's governmental activities decreased 1.4 percent to \$2,221,651. Net position of the Town's business-type activities decreased 5.3 percent to \$2,882,555.

Changes in net position. The Town's total revenues for the year ended April 30, 2022 increased by \$980,574 to \$4,637,133. Approximately 57.2 percent of the Town's revenue is derived from charges for services, approximately 14.4 percent is derived from grants and contributions, and approximately 23.1 percent is derived from tax collections.

The Town's total expenses for the year ended April 30, 2022 increased by \$1,608,110 to \$4,829,484. Approximately 58.1 percent of the Town's expenses are the result of its business-type activities and 41.9 percent are the result of its governmental activities. (See Table A-2)

The increase in current assets, current liabilities, and expenses is the result of the impacts of Hurricane Ida and the cost to the Town in the recovery efforts. Similarly, the increase in revenues and current assets is due to cost reimbursement from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP).

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2022

Table A-2

Changes in the Town's Net Position

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Revenues				
Program revenues				
Charges for services	\$ 244,122	\$ 249,372	\$ 2,378,300	\$ 1,941,771
Operating grants and contributions	491,077	15,175	-	-
Capital grants and contributions	142,163	185,201	35,000	35,000
General revenues				
Taxes	891,526	856,782	70,037	90,399
Franchise taxes	110,790	107,936	-	-
Licenses and permits	143,671	135,187	-	-
Fines and forfeitures	1,671	1,761	-	-
Other revenues	100,857	37,975	27,919	-
Total revenues	2,125,877	1,589,389	2,511,256	2,067,170
Expenses				
General government	1,692,670	425,529	-	-
Streets and drainage	555,473	540,981	-	-
Public safety	286,948	219,901	-	-
Sanitation	267,996	247,977	-	-
Interest	3,232	3,863	-	-
Water	-	-	912,727	820,884
Sewer	-	-	1,110,438	962,239
Total expenses	2,806,319	1,438,251	2,023,165	1,783,123
Other financing resources (uses)				
Transfers in	657,454	362,805	-	-
Transfers out	(7,454)	(12,805)	(650,000)	(350,000)
Total other financing resources (uses)	650,000	350,000	(650,000)	(350,000)
Increase (decrease) in net position	(30,442)	501,138	(161,909)	(65,953)
Beginning net position	2,252,093	1,750,955	3,044,464	3,110,417
Ending net position	\$ 2,221,651	\$ 2,252,093	\$ 2,882,555	\$ 3,044,464

Governmental Activities

Revenues for the Town's governmental activities increased by \$536,488, or 33.8 percent. Approximately 47.1 percent of these revenues are derived from ad valorem, sales, and franchise taxes while nearly 29.8 percent is from capital and operating grants and contributions. An additional 11.5 percent is derived from charges for services.

Expenses for the Town's governmental activities increased by \$1,368,068, or 95.1 percent. Majority of this increase is in governmental activities as the result of debris cleanup and monitoring activities that were caused by Hurricane Ida in August 2021.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2022

Business-type Activities

Revenues for the Town's business-type activities increased by \$444,086 or approximately 21.5 percent. Charges for services provide for approximately 95.8 percent of business-type revenues.

Expenses for the Town's business-type activities increased by \$240,042 or 13.5 percent. Approximately 45.2 percent of these expenses result from water activities and approximately 54.8 percent are the result of sewer activities. Additionally, there was a significant increase in transfers to the general fund in the current year.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$758,352, a decrease of \$124,597, or 14.1 percent, from last year.

General Fund Budgetary Highlights

The Town amended its original budget for the fiscal year. The amendments to the original budget were directly related to the impacts that Hurricane Ida had on the Town. This caused a \$1.3 million increase in anticipated expenditures. The Town did not budget for an anticipated increase in revenues for fiscal year 2022 due to the uncertainty of when reimbursement would be made by GOHSEP.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of April 30, 2022, the Town had invested \$4,747,540 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net decrease (including additions and deductions) of \$142,794, or 2.9 percent, compared to last year.

More information about the Town's capital assets is presented in Note 7 to the financial statements.

Table A-3
Town's Capital Assets

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Land and Improvements	\$ 49,005	\$ 49,005	\$ 94,855	\$ 94,855
Buildings and Improvements	296,936	296,936	-	-
Lutcher Park	345,635	345,635	-	-
Streets	1,818,857	1,787,750	-	-
Drainage	867,760	585,762	-	-
Equipment	355,828	384,890	408,191	387,316
Construction in Progress	18,845	143,833	-	21,268
Water and Sewer Facility and System	-	-	10,134,801	10,100,084
Less: Accumulated Depreciation	(1,920,750)	(1,811,104)	(7,722,423)	(7,495,896)
Total	\$ 1,832,116	\$ 1,782,707	\$ 2,915,424	\$ 3,107,627

Current year depreciation expense was approximately \$375,000.

This year's major capital asset additions included:

- Various Drainage improvements \$160,000
- Sidewalk upgrades \$30,000
- Various radios \$19,000

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2022

Construction in progress consists of engineering and project costs relating to the Buddy Whitney drainage upgrades. This project is expected to be completed next fiscal year. At year end, the Town had no construction commitments as a contract for this project has not yet been awarded.

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$1,206,000 as compared to \$1,296,000 in the prior year, a decrease of \$90,000 or 6.9 percent. (See Table A-4) More information about the Town's long-term liabilities is presented in Note 10 to the financial statements.

Table A-4
Town's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General Obligation Bonds, Series 2012A	\$ 96,000	\$ 114,000	\$ -	\$ -
General Obligation Bonds, Series 2012	-	-	700,000	758,000
Taxable Limited Bond, Series 2016	-	-	317,000	334,000
Total	\$ 96,000	\$ 114,000	\$ 1,017,000	\$ 1,092,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from taxes (sales, franchise & property) and garbage fees at 22.7 percent and 5.7 percent of total revenues, respectively. Additionally, approximately 40.3 percent of the Town's budgeted revenues relate to bond proceeds. The economy is not expected to generate any significant growth. Expenditures are expected to increase due to additional improvements made to the sewer pond.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF NET POSITION
APRIL 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 721,294	\$ 1,399,152	\$ 2,120,446
Receivables:			
Taxes	16,796	11,013	27,809
Interest	67	-	67
Other	2,664	-	2,664
Accounts, net	39,624	398,812	438,436
Internal balances	8,386	(8,386)	-
Due from other governmental units	568,520	-	568,520
Other current assets	1,087	9,953	11,040
Restricted assets:			
Cash	35,853	377,983	413,836
Capital assets (net)	1,832,116	2,915,424	4,747,540
Total assets	3,226,407	5,103,951	8,330,358
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	76,050	71,819	147,869
Total deferred outflows of resources	76,050	71,819	147,869
LIABILITIES			
Accounts payable	600,176	59,155	659,331
Accrued payables	9,964	12,460	22,424
Bonds due within one year	18,000	77,000	95,000
Accumulated leave due within one year	10,462	19,880	30,342
Unearned revenues	-	588,620	588,620
Long-term liabilities:			
Accumulated leave	11,761	80,045	91,806
Customer service meter deposits	-	114,385	114,385
Bonds payable	78,000	940,000	1,018,000
Net pension liability	250,270	299,645	549,915
Total liabilities	978,633	2,191,190	3,169,823
DEFERRED INFLOWS OF RESOURCES			
Pension related	102,173	102,025	204,198
Total deferred inflows of resources	102,173	102,025	204,198
NET POSITION			
Net investment in capital assets	1,735,714	1,893,057	3,628,771
Restricted for:			
Debt retirement	35,853	259,177	295,030
Road maintenance	480,000	-	480,000
Drainage	122,064	-	122,064
Unrestricted	(151,980)	730,321	578,341
Total net position	\$ 2,221,651	\$ 2,882,555	\$ 5,104,206

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions:							
Governmental activities:							
General government	\$ 1,692,670	\$ -	\$ 491,077	\$ -	\$ (1,201,593)	\$ -	\$ (1,201,593)
Streets and drainage	555,473	-	-	142,163	(413,310)	-	(413,310)
Public safety	286,948	-	-	-	(286,948)	-	(286,948)
Sanitation	267,996	244,122	-	-	(23,874)	-	(23,874)
Interest	3,232	-	-	-	(3,232)	-	(3,232)
Total governmental activities	<u>2,806,319</u>	<u>244,122</u>	<u>491,077</u>	<u>142,163</u>	<u>(1,928,957)</u>	<u>-</u>	<u>(1,928,957)</u>
Business-type activities:							
Sewer	1,110,438	1,684,436	-	35,000	-	608,998	608,998
Water	912,727	693,864	-	-	-	(218,863)	(218,863)
Total business-type activities	<u>2,023,165</u>	<u>2,378,300</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>390,135</u>	<u>390,135</u>
Total primary government	<u>\$ 4,829,484</u>	<u>\$ 2,622,422</u>	<u>\$ 491,077</u>	<u>\$ 177,163</u>	<u>(1,928,957)</u>	<u>390,135</u>	<u>(1,538,822)</u>
General revenues							
Taxes:							
Ad valorem							
					142,797	70,037	212,834
Sales taxes							
					748,729	-	748,729
Franchise taxes							
					110,790	-	110,790
Licenses and permits							
					143,671	-	143,671
Fines and forfeitures							
					1,671	-	1,671
Transfers (to)/from other funds							
					650,000	(650,000)	-
Other revenue							
					100,857	27,919	128,776
Total general revenues and transfers							
					<u>1,898,515</u>	<u>(552,044)</u>	<u>1,346,471</u>
Change in net position							
					(30,442)	(161,909)	(192,351)
Net position, April 30, 2021							
					<u>2,252,093</u>	<u>3,044,464</u>	<u>5,296,557</u>
Net position, April 30, 2022							
					<u>\$ 2,221,651</u>	<u>\$ 2,882,555</u>	<u>\$ 5,104,206</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
APRIL 30, 2022

	General	Nonmajor Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 721,294	\$ -	\$ 721,294
Receivables:			
Taxes	16,796	-	16,796
Interest	67	-	67
Other	2,664	-	2,664
Due from other funds	8,386	-	8,386
Accounts, net	39,624	-	39,624
Due from other governmental units	568,520	-	568,520
Prepaid insurance	1,087	-	1,087
Restricted assets:			
Cash	-	35,853	35,853
Total assets	\$ 1,358,438	\$ 35,853	\$ 1,394,291
<u>LIABILITIES</u>			
Accounts payable	\$ 600,176	\$ -	\$ 600,176
Accrued payables	20,024	-	20,024
Total liabilities	620,200	-	620,200
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Resources recovered prior to time requirements	15,739	-	15,739
Total deferred inflows of resources	15,739	-	15,739
<u>FUND BALANCES</u>			
Nonspendable	1,087	-	1,087
Restricted for debt retirement	-	35,853	35,853
Restricted for road maintenance	480,000	-	480,000
Restricted for drainage	122,064	-	122,064
Unassigned	119,348	-	119,348
Total fund balance	722,499	35,853	758,352
Total liabilities, deferred inflows and fund balances	\$ 1,358,438	\$ 35,853	\$ 1,394,291

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, 2022

Total fund balances - governmental funds		\$ 758,352
Cost of capital assets at April 30, 2022	3,752,866	
Less: accumulated depreciation as of April 30, 2022	<u>(1,920,750)</u>	1,832,116
Long-term assets at April 30, 2022		
Deferred outflows - pension related		76,050
Ad valorem tax revenues that were collected more than sixty days after year-end and, therefore, are not available soon enough to pay current period expenditures		15,739
Long-term liabilities at April 30, 2022		
Bonds payable	(96,000)	
Accrued interest payable	(402)	
Accrued sick leave payable	(9,073)	
Accrued compensatory time payable	(2,688)	
Net pension liability	(250,270)	
Deferred inflows - pension related	<u>(102,173)</u>	<u>(460,606)</u>
Total net position at April 30, 2022 - governmental activities		<u>\$ 2,221,651</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED APRIL 30, 2022

	General	Nonmajor Debt Service	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 142,959	\$ -	\$ 142,959
Sales taxes	748,729	-	748,729
Franchise taxes	110,790	-	110,790
Garbage fees	244,122	-	244,122
Licenses and permits	143,671	-	143,671
Intergovernmental revenue:			
Beer	496	-	496
Grants	633,240	-	633,240
Fines and forfeitures	1,671	-	1,671
Other revenue	89,664	-	89,664
Total revenues	2,115,342	-	2,115,342
<u>EXPENDITURES</u>			
Current:			
General government	1,679,937	-	1,679,937
Streets and drainage	423,775	-	423,775
Public safety	298,804	-	298,804
Sanitation	267,996	-	267,996
Capital outlay	198,007	-	198,007
Debt service:			
Principal retirement	-	18,000	18,000
Interest	-	3,420	3,420
Total expenditures	2,868,519	21,420	2,889,939
<u>EXCESS OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>			
	(753,177)	(21,420)	(774,597)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	650,000	7,454	657,454
Transfers out	(7,454)	-	(7,454)
Total other financing sources	642,546	7,454	650,000
<u>NET CHANGE IN FUND BALANCE</u>			
	(110,631)	(13,966)	(124,597)
<u>FUND BALANCE</u>			
Beginning of year	833,130	49,819	882,949
End of year	\$ 722,499	\$ 35,853	\$ 758,352

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022

Total net changes in fund balance - governmental funds		\$	(124,597)
Capital assets:			
Capital outlay capitalized	198,007		
Loss on disposal	(2,231)		
Depreciation expense for the year ended April 30, 2022	(146,367)		49,409
Change in ad valorem taxes collected after 60 days			(162)
Long-term debt:			
Principal portion of debt service payments	18,000		
Change in accrued sick leave	(3,100)		
Change in accrued compensatory time	7,594		
Excess of interest paid over interest accrued	188		
Net change in pension liability and deferred inflows/outflows of resources	22,226		44,908
Change in net position - governmental activities		\$	(30,442)

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
APRIL 30, 2022

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 1,171,653	\$ 227,499	\$ 1,399,152
Taxes receivable	-	11,013	11,013
Accounts receivable (net of allowance for uncollectibles)	326,257	72,555	398,812
Due from other funds	-	1,276	1,276
Other current assets	953	9,000	9,953
Total current assets	<u>1,498,863</u>	<u>321,343</u>	<u>1,820,206</u>
<u>NONCURRENT ASSETS</u>			
Restricted assets:			
Cash	30	377,953	377,983
Total restricted assets	30	377,953	377,983
Capital assets, net	803,063	2,112,361	2,915,424
Total noncurrent assets	<u>803,093</u>	<u>2,490,314</u>	<u>3,293,407</u>
Total assets	<u>2,301,956</u>	<u>2,811,657</u>	<u>5,113,613</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	36,644	35,175	71,819
Total deferred outflows of resources	<u>36,644</u>	<u>35,175</u>	<u>71,819</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Payable from current assets:			
Accounts payable	39,815	19,340	59,155
Accrued payables	3,791	8,669	12,460
Due to other funds	4,461	5,201	9,662
Unearned revenue	588,620	-	588,620
Payable from restricted assets:			
Bonds payable due within one year	-	77,000	77,000
Total current liabilities	<u>636,687</u>	<u>110,210</u>	<u>746,897</u>
<u>NONCURRENT LIABILITIES</u>			
Accumulated leave	76,853	23,072	99,925
Customer meter deposits	-	114,385	114,385
Bonds payable	-	940,000	940,000
Net pension liability	152,887	146,758	299,645
Total noncurrent liabilities	<u>229,740</u>	<u>1,224,215</u>	<u>1,453,955</u>
Total liabilities	<u>866,427</u>	<u>1,334,425</u>	<u>2,200,852</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	52,056	49,969	102,025
Total deferred inflows of resources	<u>52,056</u>	<u>49,969</u>	<u>102,025</u>
<u>NET POSITION</u>			
Net investment in capital assets	803,063	1,089,994	1,893,057
Restricted for debt retirement	-	259,177	259,177
Unrestricted	617,054	113,267	730,321
TOTAL NET POSITION	<u>\$ 1,420,117</u>	<u>\$ 1,462,438</u>	<u>\$ 2,882,555</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED APRIL 30, 2022

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for service			
Utility fees	\$ 327,956	\$ 580,365	\$ 908,321
User fees - oxidation pond	1,334,392	-	1,334,392
Delinquent charges	6,813	15,453	22,266
Miscellaneous revenues	15,275	98,046	113,321
Total operating revenues	<u>1,684,436</u>	<u>693,864</u>	<u>2,378,300</u>
<u>OPERATING EXPENSES</u>			
Professional services	18,005	20,199	38,204
Payroll taxes	25,628	19,590	45,218
Retirement	24,746	16,832	41,578
Insurance	74,595	121,627	196,222
Office supplies and postage	2,395	7,651	10,046
Miscellaneous	177,715	136,578	314,293
Salaries	376,960	265,171	642,131
Oxidation pond/water plant analysis and treatment	14,137	7,836	21,973
Electricity	62,827	18,757	81,584
Materials, supplies, and repairs	250,579	117,548	368,127
Depreciation	82,851	146,222	229,073
Total operating expenses	<u>1,110,438</u>	<u>878,011</u>	<u>1,988,449</u>
<u>OPERATING INCOME (LOSS)</u>	<u>573,998</u>	<u>(184,147)</u>	<u>389,851</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Ad valorem taxes	-	70,037	70,037
Capital grants	35,000	-	35,000
Insurance recovery	16,320	11,599	27,919
Interest expense	-	(34,716)	(34,716)
Total nonoperating revenues	<u>51,320</u>	<u>46,920</u>	<u>98,240</u>
<u>Income (loss) before transfers</u>	625,318	(137,227)	488,091
Transfers out	(650,000)	-	(650,000)
Operating transfers	<u>(650,000)</u>	<u>-</u>	<u>(650,000)</u>
<u>CHANGE IN NET POSITION</u>	<u>(24,682)</u>	<u>(137,227)</u>	<u>(161,909)</u>
Net position, April 30, 2021	<u>1,444,799</u>	<u>1,599,665</u>	<u>3,044,464</u>
Net position, April 30, 2022	<u>\$ 1,420,117</u>	<u>\$ 1,462,438</u>	<u>\$ 2,882,555</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2022

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 978,384	\$ 586,643	\$ 1,565,027
Cash paid to employees and suppliers	(475,381)	(730,114)	(1,205,495)
Other receipts from operations	15,275	98,046	113,321
Net cash provided by (used in) operating activities	<u>518,278</u>	<u>(45,425)</u>	<u>472,853</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers to other funds	<u>(650,000)</u>	<u>-</u>	<u>(650,000)</u>
Net cash used in noncapital financing activities	<u>(650,000)</u>	<u>-</u>	<u>(650,000)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(23,271)	(13,599)	(36,870)
Capital grant received	623,620	-	623,620
Ad valorem tax	-	70,037	70,037
Principal payments on long-term debt	-	(75,000)	(75,000)
Insurance recovery	16,320	11,599	27,919
Interest paid on long-term debt	<u>-</u>	<u>(34,333)</u>	<u>(34,333)</u>
Net cash provided by (used in) capital and related financing activities	<u>616,669</u>	<u>(41,296)</u>	<u>575,373</u>
Net increase (decrease) in cash and cash equivalents	484,947	(86,721)	398,226
Cash and cash equivalents - beginning of year	<u>686,736</u>	<u>692,173</u>	<u>1,378,909</u>
Cash and cash equivalents - end of year	<u>\$ 1,171,683</u>	<u>\$ 605,452</u>	<u>\$ 1,777,135</u>
Cash and cash equivalents - end of year			
Cash - current	\$ 1,171,653	\$ 227,499	\$ 1,399,152
Cash - restricted	<u>30</u>	<u>377,953</u>	<u>377,983</u>
	<u>\$ 1,171,683</u>	<u>\$ 605,452</u>	<u>\$ 1,777,135</u>

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2022

	Sewer Fund	Water Fund	Total
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>			
<u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 573,998	\$ (184,147)	\$ 389,851
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -			
Depreciation	82,851	146,222	229,073
Bad debt expense	317	16,076	16,393
Net changes in assets and liabilities -			
Accounts receivable	(102,157)	(7,931)	(110,088)
Prepaid expenses and other assets	-	(1,688)	(1,688)
Deferred outflows of resources	18,680	20,016	38,696
Accounts payable and other liabilities	(21,494)	7,588	(13,906)
Net pension liability	(80,358)	(85,929)	(166,287)
Deferred inflows of resources	46,441	44,368	90,809
Net cash provided by (used in) operating activities	\$ 518,278	\$ (45,425)	\$ 472,853

(concluded)

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

1. **Summary of Significant Accounting Policies**

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

The Town's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:514, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

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

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

Basis of Presentation, Basis of Accounting

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Basis of Presentation, Basis of Accounting (continued)

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise funds:

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Basis of Presentation, Basis of Accounting (continued)

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

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

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary funds 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 property tax revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Budgets and Budgetary Accounting

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

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

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

Cash and Cash Equivalents

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets with a cost of \$1,000 or more are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated acquisition 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 the balance sheets.

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

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

Accounts Receivable

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Accumulated Leave

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

Long Term Debt

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

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

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

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

Pension Plans

The Town of Lutcher is a participating employer in two cost-sharing, multiple-employer defined benefit pension plans as described in Note 14. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plans.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Equity Classifications

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

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

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

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

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

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

Interfund Balances / Transfers

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Deferred Outflows/Inflows of Resources

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

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

Estimates

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

Encumbrances

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

Risk Management

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

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at April 30, 2022.

Current Year Adoption of New Accounting Standards

The Town adopted GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement aims to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The provisions of GASB 89 are effective for financial statements for periods beginning after December 15, 2020.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

2. **Cash**

At April 30, 2022, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$	200
Demand deposit accounts/savings accounts		2,120,246
Restricted cash		413,836
Total		\$ 2,534,282

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

3. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At April 30, 2022, the Town's bank balances totaled \$2,620,429. Of these bank balances, \$500,000 was covered by federal depository insurance, and \$2,120,429 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

4. **Receivables**

Receivables as of April 30, 2022 for the Town's funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>		
	General Fund	Sewer Fund	Water Fund	Total Business-type Activities
<u>Receivables:</u>				
Property taxes	\$ 16,796	\$ -	\$ 11,013	\$ 11,013
Interest	67	-	-	-
Accounts	43,756	330,959	99,857	430,816
Other	2,664	-	-	-
Gross receivables	63,283	330,959	110,870	441,829
Less: allowance for uncollectibles	(4,132)	(4,702)	(27,302)	(32,004)
Net receivables	\$ 59,151	\$ 326,257	\$ 83,568	\$ 409,825

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

5. Due from Other Governmental Units

At April 30, 2022, the Town has \$133,561 due from the St. James Parish School Board for sales tax collections. Additionally, the Town has \$434,959 due from the Governor's Office of Homeland Security and Emergency Preparedness relating to Hurricane Ida recovery reimbursements.

6. Interfund Receivables and Payables

Interfund receivables and payables as of April 30, 2022 are as follows:

Interfund Receivables		Interfund Payables	
General Fund	\$ 8,386	General Fund	\$ -
Water Fund	1,276	Water Fund	5,201
Sewer Fund	-	Sewer Fund	4,461
Total	\$ 9,662	Total	\$ 9,662

Interfund receivable and payable balances represent short-term borrowings between funds.

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended April 30, 2022, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Construction in progress	Total
Cost at April 30, 2021	\$ 49,005	\$ 296,936	\$ 345,635	\$1,787,750	\$ 585,762	\$ 384,890	\$ 143,833	\$ 3,593,811
Additions	-	-	-	31,107	144,682	9,890	12,328	198,007
Deletions	-	-	-	-	-	(38,952)	-	(38,952)
Transfers	-	-	-	-	137,316	-	(137,316)	-
Cost of Capital Assets April 30, 2022	49,005	296,936	345,635	1,818,857	867,760	355,828	18,845	3,752,866
Accumulated depreciation April 30, 2021	8,060	241,266	295,635	588,117	338,945	339,081	-	1,811,104
Additions	496	6,410	-	90,994	37,636	10,831	-	146,367
Deletions	-	-	-	-	-	(36,721)	-	(36,721)
Accumulated depreciation April 30, 2022	8,556	247,676	295,635	679,111	376,581	313,191	-	1,920,750
Capital Assets, net of accumulated depreciation at April 30, 2022	\$ 40,449	\$ 49,260	\$ 50,000	\$1,139,746	\$ 491,179	\$ 42,637	\$ 18,845	\$ 1,832,116

Capital assets above that are not being depreciated include land in the amount of \$39,085 included in Land and Improvements and Construction in progress of \$18,845. Additionally, land in the amount of \$50,000 included in Lutcher Park is not being depreciated.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

7. **Capital Assets** (continued)

Depreciation expense of \$146,367 for the year ended April 30, 2022 was charged to the following governmental functions:

General Government	\$	13,497
Streets and Drainage		129,560
Public Safety		3,310
	\$	146,367

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Construction in Progress	Total
Total Cost of Capital Assets April 30, 2021	\$ 94,855	\$ 10,100,084	\$ 387,316	\$ 21,268	\$ 10,603,523
Additions	-	13,449	23,421	-	36,870
Deletions	-	-	(2,546)	-	(2,546)
Transfers	-	21,268	-	(21,268)	-
Cost of Capital Assets April 30, 2022	94,855	10,134,801	408,191	-	10,637,847
Accumulated depreciation April 30, 2021	18,511	7,211,590	265,795	-	7,495,896
Additions	1,328	193,934	33,811	-	229,073
Deletions	-	-	(2,546)	-	(2,546)
Accumulated depreciation April 30, 2022	19,839	7,405,524	297,060	-	7,722,423
Capital Assets, net of accumulated depreciation at April 30, 2022	\$ 75,016	\$ 2,729,277	\$ 111,131	\$ -	\$ 2,915,424

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

Depreciation expense of \$229,073 for the year ended April 30, 2022 was charged to the following governmental functions:

Sewer Fund	\$	82,851
Water Fund		146,222
	\$	229,073

Construction Commitment

As of April 30, 2022, the Town had no construction commitments.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

8. Disaggregation of Accounts Payable and Accrued Payables

Accounts payables and accrued payables as of April 30, 2022 were as follows:

	Governmental Activities	Business-Type Activities	Total
Vendors	600,176	59,155	659,331
Salaries and benefits payable	9,964	12,460	22,424
Total encumbrances	<u>610,140</u>	<u>71,615</u>	<u>681,755</u>

9. Accumulated Leave

The following is a summary of the changes in accumulated leave for the year ended April 30, 2022:

	Balance 4/30/2021	Additions	Deletions	Balance 4/30/2022	Due within one year
Governmental:					
Compensated absences	\$ 13,141	\$ 19,721	\$ 13,327	\$ 19,535	\$ 10,462
Compensatory time	10,282	25,095	32,689	2,688	-
Total governmental	<u>23,423</u>	<u>44,816</u>	<u>46,016</u>	<u>22,223</u>	<u>10,462</u>
Business-type:					
Compensated absences	52,092	39,353	36,638	54,807	19,880
Compensatory time	22,275	53,408	30,565	45,118	-
Total business-type	<u>74,367</u>	<u>92,761</u>	<u>67,203</u>	<u>99,925</u>	<u>19,880</u>
Total primary government	<u>\$ 97,790</u>	<u>\$ 137,577</u>	<u>\$ 113,219</u>	<u>\$ 122,148</u>	<u>\$ 30,342</u>

10. Long-term Debt

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2022:

	Balance 4/30/21	Additions	Retirement s	Balance 4/30/22	Due within One Year
Governmental activities:					
Direct borrowing and placement of debt:					
General Obligation					
Bonds, Series					
2012A	\$ 114,000	\$ -	\$ 18,000	\$ 96,000	\$ 18,000
	<u>\$ 114,000</u>	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 96,000</u>	<u>\$ 18,000</u>
Business-type activities:					
Direct borrowing and placement of debt:					
General Obligation					
Bonds, Series 2012	\$ 758,000	\$ -	\$ 58,000	\$ 700,000	\$ 60,000
Taxable Limited					
Bonds, Series 2016	334,000	-	17,000	317,000	17,000
	<u>\$ 1,092,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 1,017,000</u>	<u>\$ 77,000</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Direct borrowings and placements at April 30, 2022 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. The bond document does not list any terms of events of default, termination events with financial related consequences, nor subjective acceleration clauses.

\$ 96,000

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. Events of default include failure to make punctual payment of principal amount due, failure to make punctual payment of any installment of interest that is due and payable, performance or observance of any other of the covenants, agreements, or conditions are not made and continues for a period of 45 days, or if the Town shall file a petition or other seek of relief under Federal or State bankruptcy law or other similar law. The Bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment. The bond document does not list any terms related to termination events with finance related consequences nor subjective acceleration clauses.

\$ 700,000

\$500,000 of Taxable Limited Bonds, Series 2016; due in various semi-annual installments, including interest at 1.95%, through March 1, 2037; payable from ad valorem taxes. The bond document does not list any terms of events of default, termination events with financial related consequences, nor subjective acceleration clauses.

317,000

\$ 1,017,000

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

The annual requirements to amortize all debt outstanding as of April 30, 2022, are as follows:

Year ending April 30,	Principal	Interest	Total
2023	\$ 95,000	\$ 29,731	\$ 124,731
2024	100,000	27,090	127,090
2025	102,000	24,320	126,320
2026	105,000	21,492	126,492
2027	108,000	18,574	126,574
2028 – 2032	485,000	52,279	537,279
2033 – 2037	118,000	7,059	125,059
	<u>\$1,113,000</u>	<u>\$ 180,545</u>	<u>\$ 1,293,545</u>

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

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

Ad valorem tax – Assessed valuation, 2021 tax rolls	\$ 17,805,779
Debt limit: 10% of assessed valuation (for any purpose)	\$ 1,780,578
Debt limit: 15% of assessed valuation (for sewerage purposes)	\$ 2,670,867
Debt limit: 35% of assessed valuation (aggregate, all purposes)	\$ 6,232,023

11. **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, 2022 taxes of 7 mills were authorized and levied on property with assessed valuations totaling \$17,805,779 for general purposes. Additional taxes of 4.59 mills were authorized and levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due. All millages expire on December 31, 2021. Ad valorem taxes levied during the year ended April 30, 2022 totaled \$206,372.

12. **Sales Taxes**

The Town receives a 1% sales tax collected on sales occurring within the boundaries of the Town of Lutcher. These proceeds are available for any lawful purpose of operating a municipality. The Town receives an additional 1 percent sales tax for the purpose of constructing, improving, extending and maintaining streets, drainage, water, sewer infrastructure and sewerage treatment works; and purchasing necessary equipment and land for any of the aforesaid public works, improvements and facilities. The Town recognized \$748,729 of sales tax revenue during the year ended April 30, 2022. These taxes do not expire.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

13. Transfers to/from Other Funds

Interfund transfers at April 30, 2022, were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 650,000	\$ 7,454
Debt Service Fund	7,454	-
Sewer Fund	-	650,000
	\$ 657,454	\$ 657,454

14. Pension and Retirement Plans

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

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

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

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

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

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

Municipal Police Employees' Retirement System of Louisiana (MPERS)

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

14. Pension and Retirement Plans (continued)

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, 2022, for the Town and covered employees were as follows:

	Town	Employees
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	15.50%	5.00%
Members hired after 01/01/2013	15.50%	5.00%
Municipal Police Employees' Retirement Systems		
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	29.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	29.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of health	32.25%	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, 2022 were as follows:

	2022	2021	2020
Municipal Employees' Retirement System Plan B	\$ 85,759	\$ 78,434	\$ 81,895
Municipal Police Employees' Retirement System	\$ 25,915	\$ 15,687	\$ 15,672

Support of Non-Employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognized revenue in an amount equal to their proportionate share of the total contributions to the plan from these non-employer contributing entities as follows:

Municipal Employees' Retirement System Plan B	\$	20,183
Municipal Police Employees' Retirement System		3,441
	\$	23,624

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

14. **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 based on the June 30, 2021 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of April 30, 2022 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 along with the change compared to the June 30, 2020 rate. The Town's proportion of the Net Pension Liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers.

	Net Pension Liability at June 30, 2021	Rate at June 30, 2021	Increase on June 30, 2020 Rate
Municipal Employees' Retirement System Plan B	\$ 467,830	0.8076%	0.0374%
Municipal Police Employees' Retirement System	82,085	0.0154%	0.0002%
	\$ 549,915		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended April 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Municipal Employees' Retirement System Plan B	\$ 25,795	\$ 45,958	\$ 71,753
Municipal Police Employees' Retirement System	4,538	-	4,538
	\$ 30,333	\$ 45,958	\$ 76,291

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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

At April 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (21,833)
Changes of assumptions	28,022	(2,342)
Net difference between projected and actual earnings on pension plan investments	-	(164,752)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	23,411	(15,271)
Employer contributions subsequent to measurement date	96,436	-
	<u>\$ 147,869</u>	<u>\$ (204,198)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	\$	
Municipal Employees' Retirement System Plan B	112,129	\$ (159,289)
Municipal Police Employees' Retirement System	35,740	(44,909)
	\$	
	<u>147,869</u>	<u>\$ (204,198)</u>

The Town reported a total of \$96,436 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in Net Pension Liability in the year ended April 30, 2023. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Municipal Employees' Retirement System Plan B	\$ 73,053
Municipal Police Employees' Retirement System	23,383
	<u>\$ 96,436</u>

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

<u>Year</u>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
2023	\$ (20,071)	\$ (6,530)	\$ (26,601)
2024	(22,926)	(5,980)	(28,906)
2025	(32,790)	(6,834)	(39,624)
2026	(44,426)	(13,208)	(57,634)
	<u>\$ (120,213)</u>	<u>\$ (32,552)</u>	<u>\$ (152,765)</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

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, 2021, are as follows:

	<u>MERS</u>	<u>MPERS</u>						
Valuation Date	June 30, 2021	June 30, 2021						
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal cost						
Actuarial Assumptions:								
Expected Remaining Service Lives	3 years	4 years						
Investment Rate of Return	6.850%	6.750%						
Inflation Rate	2.500%	2.500%						
Mortality	<p>For annuitant and beneficiary mortality tables used were PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>For employees, the PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>For disable lives morality, PubNS-2010(B) Disabled Retiree Table set equal to 120% males and females with the full generational MP2018 scale.</p>	<p>For annuitant and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.</p>						
Salary Increases	<p>1-4 years of service - 7.4% - Plan B</p> <p>Over 4 years of service – 4.9% - Plan B</p>	<table border="0" style="width: 100%;"> <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;">12.30%</td> </tr> <tr> <td style="text-align: center;">Above 2</td> <td style="text-align: center;">4.70%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.30%	Above 2	4.70%
<u>Years of Service</u>	<u>Salary Growth Rate</u>							
1-2	12.30%							
Above 2	4.70%							

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

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

Actuarial Assumptions (continued)

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

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

<u>MERS</u>	<u>MPERS</u>
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.60% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 6.95% for the year ended June 30, 2021.</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 2.22% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 7.30% for the year ended June 30, 2021.</p>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

14. **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, 2021:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	53.0%	-	2.31%	-
Equity	-	55.5%	-	3.48%
Public fixed income	38.0%	-	1.65%	-
Fixed income	-	30.5%	-	0.59%
Alternatives	9.0%	14.0%	0.39%	1.01%
Total	100.0%	100.0%	4.35%	5.08%
Inflation			2.60%	2.22%
Expected Arithmetic Nominal Return			6.95%	7.30%

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 6.850% and 6.750%, respectively for the measurement period ending June 30, 2021.

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	5.850%	6.850%	7.850%
Town of Lutcher's Share of NPL	\$ 717,747	\$ 467,830	\$ 256,445
MPERS			
Rates	5.750%	6.750%	7.750%
Town of Lutcher's Share of NPL	\$ 143,061	\$ 82,085	\$ 31,190

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

15. 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. The balances in the reserve accounts total \$295,050.

As of April 30, 2022, the Town was in compliance with all related debt covenants, excluding the two late debt payments identified in the schedule of findings and recommendations.

At April 30, 2022, the Town has \$118,786 of cash restricted for the refunding of customer meter deposits.

16. Commitments

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

Operating lease expenditures amounted to \$271,203 for the year ended April 30, 2022.

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2022, that have initial or remaining terms in excess of one year.

<u>Year Ending April 30,</u>	<u>Minimum Payments</u>
2023	\$ 123,882
2024	1,674
2025	1,674
2026	1,674
2027	1,255
	<u>\$ 130,159</u>

17. 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, 2022, the Town did not participate in any Tax Exemption Programs.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

18. Detailed Restricted Net Position and Fund Balances

Details of restricted Net Position as reported in the government-wide Statement of Net Position are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net position restricted for:			
Debt services:			
Debt service for Water Fund general obligation bonds	\$ -	\$ 251,053	\$ 251,053
Debt service for Water Fund taxable limited bonds	-	8,124	8,124
Debt service for general obligation bonds	35,853	-	35,853
Capital improvements:			
Road maintenance	480,000	-	480,000
Drainage project	122,064	-	122,064
Total restricted net position	<u>\$ 637,917</u>	<u>\$ 259,177</u>	<u>\$ 897,094</u>

Details of nonspendable, restricted, and unassigned fund balances at year-end are as follows:

	<u>General Fund</u>	<u>Nonmajor Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund balances:			
Nonspendable:			
Prepaid insurance	\$ 1,087	\$ -	\$ 1,087
Restricted:			
Debt services:			
Debt service for general obligation bonds	-	35,853	35,853
Capital improvements:			
Road maintenance	480,000	-	480,000
Drainage project	122,064	-	122,064
Total Restricted	<u>603,151</u>	<u>35,853</u>	<u>639,004</u>
Unassigned	119,348	-	119,348
Total fund balances	<u>\$ 722,499</u>	<u>\$ 35,853</u>	<u>\$ 758,352</u>

19. Contingencies

The Town received one-half of its allocated portion of the federal Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) enacted under the American Rescue Plan Act totaling \$588,620. In September 2022, the Town received its remaining allocation totaling approximately \$589,000. Since the Town did not incur eligible expenditures on the CSLFRF allocation during fiscal year 2022, the amount received is recorded as unearned revenue in the Sewer Fund. The Town expects to spend these funds during 2023 and subsequent years on eligible expenditures. These funds are subject to repayment to the United States Treasury if not spent on eligible activities or programs.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2022

20. Subsequent Events

On June 23, 2022, the Town issued Taxable Utilities Revenue Bond, Series 2022A in the amount of \$1,050,000 with an interest rate of 0.450 percent. As of the date of these financial statements, the Town has drawn approximately \$40,000. The bond is set to mature December 1, 2042.

On August 16, 2022, the Town issued Taxable Hurricane Recovery Revenue Bonds, Series 2022 in the amount of \$1,250,000 with an interest rate of 4.00 percent. The bonds are set to mature September 1, 2027. These bonds are secured by FEMA revenues expected to be recovered as a result of Hurricane Ida.

21. Current Accounting Standards Scheduled to be Implemented

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

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF THE TOWN OF LUTCHER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED APRIL 30, 2022 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System (Plan B)						
	2021	0.8076%	\$ 467,829	\$ 517,613	90.3820%	79.14%
	2020	0.7701%	697,921	550,215	126.8451%	66.26%
	2019	0.7689%	672,682	587,831	114.4346%	66.14%
	2018	0.7692%	650,632	570,056	114.1348%	65.60%
	2017	0.7650%	661,937	567,857	116.5676%	63.49%
	2016	0.7560%	626,671	555,452	112.8218%	63.34%
	2015	0.6997%	475,515	485,462	97.9510%	68.71%
	2014	0.6330%	297,170	397,823	74.6990%	76.94%
Municipal Police Employees' Retirement System						
	2021	0.0154%	\$ 82,085	\$ 46,981	174.7196%	84.09%
	2020	0.0152%	140,234	46,865	299.2297%	70.94%
	2019	0.0147%	133,773	46,000	290.8109%	71.01%
	2018	0.0156%	131,773	46,000	286.4630%	71.90%
	2017	0.0154%	134,527	46,000	292.3450%	70.08%
	2016	0.0113%	106,044	31,692	334.6081%	66.04%

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

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

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
(DEFINED BENEFIT COST SHARING PLANS ONLY)
FOR THE YEAR ENDED APRIL 30, 2022

Pension Plan:	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll ³	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System (Plan B)						
	2022	\$ 85,759	\$ 85,759	\$ -	\$ 553,285	15.5000%
	2021	78,434	78,434	-	513,570	15.2723%
	2020	81,895	81,895	-	584,965	14.0000%
	2019	81,078	81,078	-	585,011	13.8592%
	2018	73,185	73,185	-	571,192	12.8127%
	2017	60,237	60,237	-	561,941	10.7195%
	2016	50,977	50,977	-	536,600	9.5000%
	2015	43,671	43,671	-	464,868	9.3943%
Municipal Police Employees' Retirement System						
	2022	\$ 25,915	\$ 25,915	\$ -	\$ 86,099	30.0991%
	2021	15,687	15,687	-	46,750	33.5551%
	2020	15,672	15,672	-	48,288	32.4553%
	2019	14,705	14,705	-	46,000	31.9672%
	2018	14,232	14,232	-	46,000	30.9391%
	2017	14,410	14,410	-	46,000	31.3261%
	2016	6,785	6,785	-	23,000	29.5000%

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

For reference only:

¹ *Employer contribution rate multiplied by covered payroll*

² *Actual employer contributions remitted to Retirement Systems*

³ *Covered payroll amount for each of the fiscal years ended April 30.*

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2022

Changes of Benefit Terms include:

Municipal Employee's Retirement System (Plan B)

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

Municipal Police Employee's Retirement System

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

Changes of Assumptions:

Municipal Employee's Retirement System (Plan B)

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

Discount Rate:

Year End	Measurement date	Rate	Change
4/30/2022	6/30/2021	6.850%	-0.100%
4/30/2021	6/30/2020	6.950%	-0.050%
4/30/2020	6/30/2019	7.000%	-0.275%
4/30/2019	6/30/2018	7.275%	-0.525%
4/30/2018	6/30/2017	7.800%	0.300%
4/30/2017	6/30/2016	7.500%	0.000%
4/30/2016	6/30/2015	7.500%	-0.250%
4/30/2015	6/30/2014	7.750%	

Merit:

Year End	Measurement date	Rate	Change
4/30/2022	6/30/2021	2.400%	0.000%
4/30/2021	6/30/2020	2.400%	0.000%
4/30/2020	6/30/2019	2.400%	0.000%
4/30/2019	6/30/2018	2.400%	0.275%
4/30/2018	6/30/2017	2.125%	0.000%
4/30/2017	6/30/2016	2.125%	0.000%
4/30/2016	6/30/2015	2.125%	-0.625%
4/30/2015	6/30/2014	2.750%	

Inflation Rate:

Year End	Measurement date	Rate	Change
4/30/2022	6/30/2021	2.500%	0.000%
4/30/2021	6/30/2020	2.500%	0.000%
4/30/2020	6/30/2019	2.500%	-0.100%
4/30/2019	6/30/2018	2.600%	-0.175%
4/30/2018	6/30/2017	2.775%	-0.100%
4/30/2017	6/30/2016	2.875%	0.000%
4/30/2016	6/30/2015	2.875%	-0.125%
4/30/2015	6/30/2014	3.000%	

Salary Increases:

Year End	Measurement date	Rate	Change
4/30/2022	6/30/2021	4.9% - 7.4%	0.000%
4/30/2021	6/30/2020	4.9% - 7.4%	0.000%
4/30/2020	6/30/2019	4.9% - 7.4%	-0.1% - 2.4%
4/30/2019	6/30/2018	5.000%	0.000%
4/30/2018	6/30/2017	5.000%	0.000%
4/30/2017	6/30/2016	5.000%	0.000%
4/30/2016	6/30/2015	5.000%	-0.750%
4/30/2015	6/30/2014	5.750%	

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2022

Changes of Assumptions: (continued)

Municipal Police Employee's Retirement System

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

<i>Discount Rate:</i>				<i>Inflation Rate:</i>			
Year End	Measurement date	Rate	Change	Year End	Measurement date	Rate	Change
4/30/2022	6/30/2021	6.750%	-0.200%	4/30/2022	6/30/2021	2.500%	0.000%
4/30/2021	6/30/2020	6.950%	-0.175%	4/30/2021	6/30/2020	2.500%	0.000%
4/30/2020	6/30/2019	7.125%	-0.075%	4/30/2020	6/30/2019	2.500%	-0.100%
4/30/2019	6/30/2018	7.200%	-0.125%	4/30/2019	6/30/2018	2.600%	-0.100%
4/30/2018	6/30/2017	7.325%	-0.175%	4/30/2018	6/30/2017	2.700%	-0.175%
4/30/2017	6/30/2016	7.500%		4/30/2017	6/30/2016	2.875%	

<i>Salary Increases including Merit:</i>			
Year End	Measurement date	Rate	Change
		2.2% -	
4/30/2022	6/30/2021	9.8%	0.000%
		2.2% -	0.45% -
4/30/2021	6/30/2020	9.8%	2.55%
		1.75% -	
4/30/2020	6/30/2019	7.25%	0.10%
		1.65% -	
4/30/2019	6/30/2018	7.15%	0.10%
		1.55% -	
4/30/2018	6/30/2017	7.05%	0.175%
		1.375% -	
4/30/2017	6/30/2016	6.875%	

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED APRIL 30, 2022

	Original Budget	Final Amended Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 765,000	\$ 865,000	\$ 891,688	\$ 26,688
Franchise taxes	100,000	105,000	110,790	5,790
Garbage fees	245,000	244,300	244,122	(178)
Licenses and permits	126,200	143,300	143,671	371
Intergovernmental revenues:				
Beer	1,000	450	496	46
Grants	54,835	185,944	633,240	447,296
Fines	10,000	1,600	1,671	71
Other revenue	40,500	92,004	89,664	(2,340)
Total revenues	<u>1,342,535</u>	<u>1,637,598</u>	<u>2,115,342</u>	<u>477,744</u>
<u>EXPENDITURES</u>				
Current:				
General government	489,350	1,816,100	1,679,937	136,163
Streets and drainage	414,100	431,400	423,775	7,625
Public safety	279,790	303,300	298,804	4,496
Sanitation	270,000	270,000	267,996	2,004
Capital outlay	444,950	250,000	198,007	51,993
Total expenditures	<u>1,898,190</u>	<u>3,070,800</u>	<u>2,868,519</u>	<u>202,281</u>
<u>EXCESS OF REVENUES</u>				
<u>UNDER EXPENDITURES</u>	(555,655)	(1,433,202)	(753,177)	275,463
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	400,000	650,000	650,000	-
Transfers out	-	-	(7,454)	(7,454)
Total other financing sources	<u>400,000</u>	<u>650,000</u>	<u>642,546</u>	<u>(7,454)</u>
<u>NET CHANGE IN FUND BALANCE</u>	(155,655)	(783,202)	(110,631)	268,009
<u>FUND BALANCE</u>				
Beginning of year	889,184	833,130	833,130	-
End of year	<u>\$ 733,529</u>	<u>\$ 49,928</u>	<u>\$ 722,499</u>	<u>\$ 268,009</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2022

	Original Budget	Final Amended Budget	Actual	Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>				
Salaries	\$ 229,650	\$ 253,750	\$ 253,754	\$ (4)
Professional fees	50,000	48,000	46,674	1,326
Electricity	15,000	12,150	10,465	1,685
Insurance	68,500	62,000	62,202	(202)
Supplies and maintenance	7,500	9,000	7,550	1,450
Miscellaneous	7,500	10,500	24,599	(14,099)
Retirement	17,500	18,500	17,807	693
Office expenses	35,200	38,850	24,911	13,939
Payroll taxes	15,000	17,000	16,885	115
Per diem	15,000	17,000	16,797	203
Dues and subscriptions	2,500	2,500	2,314	186
Education and conventions	6,000	4,000	3,575	425
Computer	8,000	10,000	8,589	1,411
Hurricane response	-	1,300,000	1,172,938	127,062
Telephone	12,000	13,000	10,877	2,123
Total general government	<u>489,350</u>	<u>1,816,250</u>	<u>1,679,937</u>	<u>136,313</u>
<u>STREETS AND DRAINAGE</u>				
Salaries	115,100	89,700	86,301	3,399
Payroll taxes	8,000	6,500	6,367	133
Miscellaneous	61,500	27,500	20,083	7,417
Gasoline, oil, and diesel	8,000	9,000	8,415	585
Street drainage and ditching	5,000	15,000	14,894	106
Beautification	8,000	500	495	5
Truck and tractor expense	6,000	25,000	17,851	7,149
Supplies and maintenance	35,000	80,000	110,037	(30,037)
Electricity	65,000	75,000	63,792	11,208
Insurance	38,000	27,000	27,535	(535)
Retirement	10,000	7,500	7,195	305
Uniforms	4,500	3,700	3,437	263
Grass cutting - contractor	50,000	65,000	57,373	7,627
Total streets and drainage	<u>414,100</u>	<u>431,400</u>	<u>423,775</u>	<u>7,625</u>

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2022

	Original Budget	Final Amended Budget	Actual	Favorable (Unfavorable)
<u>PUBLIC SAFETY</u>				
Salaries	159,490	165,750	167,228	(1,478)
Gasoline and oil	5,000	8,000	6,301	1,699
Uniforms	1,000	3,500	3,770	(270)
Telephone	3,000	2,000	1,686	314
Insurance	55,000	46,000	45,249	751
Vehicle expenses	2,500	1,500	819	681
Supplies and maintenance	2,000	3,000	2,790	210
Office supplies	1,000	2,500	1,987	513
Payroll taxes	12,000	14,000	13,182	818
Printing & publishing	500	500	284	216
Retirement	27,000	37,000	37,631	(631)
Miscellaneous	1,000	8,200	7,660	540
Computer	9,000	10,000	8,994	1,006
Education and convention	1,000	1,000	883	117
Dues and subscriptions	300	350	340	10
Total public safety	<u>279,790</u>	<u>303,300</u>	<u>298,804</u>	<u>4,496</u>
<u>SANITATION</u>				
Solid waste disposal	<u>270,000</u>	<u>270,000</u>	<u>267,996</u>	<u>2,004</u>
Total sanitation	<u>270,000</u>	<u>270,000</u>	<u>267,996</u>	<u>2,004</u>
<u>CAPITAL OUTLAY</u>				
Capital outlay	<u>444,950</u>	<u>250,000</u>	<u>198,007</u>	<u>51,993</u>
Total capital outlay	<u>444,950</u>	<u>250,000</u>	<u>198,007</u>	<u>51,993</u>
Total all departments	<u>\$ 1,898,190</u>	<u>\$ 3,070,950</u>	<u>\$ 2,868,519</u>	<u>\$ 202,431</u>

(concluded)

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutchet, Louisiana, (the Town) as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 31, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2022-001.



Town of Lutcher's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and recommendations. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads 'Postlethwaite & Netterville' in a cursive script.

Donaldsonville, Louisiana
October 31, 2022

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

YEAR ENDED APRIL 30, 2022

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
• Material weakness identified	<u> </u> Yes <u> x </u> No
• Significant deficiency identified not considered to be a material weakness?	<u> </u> Yes <u> x </u> None reported
Noncompliance material to financial statements noted?	<u> x </u> Yes <u> </u> No

SECTION II - FINANCIAL STATEMENT FINDINGS

COMPLIANCE WITH LAWS AND REGULATIONS

2022-001 BOND REQUIREMENTS

Criteria: The Town must comply with the requirements of the outstanding bond issues.

Condition: The Town failed to make timely payment of principal and interest for the two of the bond issues that were due in September and one of the bond issues that was due in March.

Cause: The Town's procedures established for the payment of bonds as required are not sufficient to ensure compliance with the requirements.

Effect: The Town may not be in compliance with the provisions as set forth in the bond agreements.

Recommendation: The Town should establish procedures to ensure compliance with all provisions as stated in the bond agreements.

View of Responsible Official: The Town is in the process of strengthening and formalizing policies and procedures to ensure compliance with bond regulations.

TOWN OF LUTCHER
Lutcher, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED APRIL 30, 2022

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED APRIL 30, 2022

Mayor:		
Patrick St. Pierre	\$	36,250
Aldermen:		
Darlene Riley		10,880
Donald Batiste		10,920
Danny Manuel		10,920
Ronald J. St. Pierre		10,920
Thomas George		10,880
Chief of Police:		
Dwan Bowser		48,350
	<u>\$</u>	<u>139,120</u>

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED APRIL 30, 2022

Agency Head Name/Title: Mayor Patrick St. Pierre

<u>Purpose</u>		<u>Amount</u>
Salary	\$	36,250
Benefits - insurance		18,477
Benefits - retirement		5,109
Benefits – short term disability		49
Conferences		85
Special meals		868
Telephone expense		929
Mileage		8,999
Other		350
Total	\$	<u>71,116</u>

TOWN OF LUTCHER
Lutcher, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
FOR THE YEAR ENDED APRIL 30, 2022

	<u>First Six Month Period Ended 10/31/21</u>	<u>Second Six Month Period Ended 4/30/22</u>
Beginning Balance of Amounts Collected	\$ -	\$ -
Add Collections:		
<i>Criminal Fines - Other</i>	282	1,389
Subtotal Collections	282	1,389
Less Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency: <i>Criminal Fines - Other</i>	282	1,389
Subtotal Disbursements/Retainage	282	1,389
Ending Balance of Amounts Collected but Not Disbursed	\$ -	\$ -

OTHER INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana

INSURANCE-IN-FORCE
April 30, 2022
(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
General Liability (business, auto, crime, law enforcement & public officials)	Risk Management, Inc.	May 1, 2023	\$ 4,000,000
Boiler & Machinery Equip.	Rod Prejean & Assoc.	May 1, 2023	\$ 3,478,761
Public Officials Bond	Rod Prejean & Assoc.	January 24, 2023	\$ 10,000
Commercial Property	Englade Boudreaux	June 12, 2023	\$ 3,208,493
FHA Bond	Rod Prejean & Assoc.	January 27, 2023	\$ 70,000
Governmental Crime Policy	Rod Prejean & Assoc.	March 23, 2023	\$ 10,000
Vehicle Physical Damage	Rod Prejean & Assoc.	May 1, 2023	\$ 197,627
Workers Compensation	Risk Management, Inc.	May 1, 2023	\$700,000

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS

APRIL 30, 2022

(Without Audit)

Statistics on System Operations

- (a) As of April 30, 2022 the number of metered customers was 1,327 and 1,244 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2022.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2022 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	\$19.68 (base rate)
Over 2,500 gallons	\$4.24 per 1,000 gallons or fraction thereof

Small Commercial Customers

0 – 5,000 gallons	\$43.99 (base rate)
Over 5,000 gallons	\$4.24 per 1,000 gallons or fraction thereof

Medium Commercial Customers

0 – 10,000 gallons	\$61.00 (base rate)
Over 10,000 gallons	\$4.24 per 1,000 gallons or fraction thereof

Large Commercial Customers

0 – 25,000 gallons	\$77.75 (base rate)
Over 25,000 gallons	\$4.24 per 1,000 gallons or fraction thereof

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS

APRIL 30, 2022

(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, 2022:

1. Water	\$ <u>36.45</u>
2. Sewer	\$ <u>19.24</u>



Mayor
Patrick P. St. Pierre

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

Town of Lutcher

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



Town Clerk
Vanessa C. Roussel

Town Attorney
Wilbur W. Reynaud

Chief of Police
Dwan B. Bowser

October 31, 2022

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

The purpose of this communication is to respond to issues included in the letter for the audit period which ended April 30, 2022.

COMPLIANCE WITH LAWS AND REGULATIONS

2022-001 BOND REQUIREMENTS

Criteria: The Town must comply with the requirements of the outstanding bond issues.

Condition: The Town failed to make timely payment of principal and interest for the two of the bond issues that were due in September and one of the bond issues that was due in March.

Cause: The Town's procedures established for the payment of bonds as required are not sufficient to ensure compliance with the requirements.

Effect: The Town may not be in compliance with the provisions as set forth in the bond agreements.

Recommendation: The Town should establish procedures to ensure compliance with all provisions as stated in the bond agreements.

View of Responsible Official: The Town is in the process of strengthening and formalizing policies and procedures to ensure compliance with bond regulations.

Page 2
October 31, 2022

Corrective Action – Board of Aldermen has approved where bonds will be paid in a timely matter.

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

Sincerely,



Vanessa C. Roussel, LMMC
Town Clerk

TOWN OF LUTCHER

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES

FOR THE YEAR ENDED APRIL 30, 2022

TOWN OF LUTCHER

STATEWIDE AGREED-UPON PROCEDURES

TABLE OF CONTENTS

Independent Accountants' Report on Applying Agreed-Upon
Procedures for the Year Ended April 30, 2022

1 – 15

Management's Response and Corrective Action Plan

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED 2022

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2021 through April 30, 2022. The Town of Lutchet's management is responsible for those C/C areas identified in the SAUPs.

The Town of Lutchet (the Town or the Entity) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period May 1, 2021 through April 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "no exception noted" or for step 25 "we performed the procedure and discussed the results with management". If not, then a description of the exception ensues.

A - Written Policies and Procedures

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

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

The Entity does not have a written policy for Budgeting.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

The Entity does not have a written policy for Purchasing.

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

The Entity does not have a written policy for Disbursements.

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

The Entity does not have a written policy for Receipts.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee's rate of pay or approval and maintenance of pay rate schedules.

The Entity does not have a written policy for Payroll/Personnel.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity does not have a written policy for Contracts.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The Entity does not have a written policy for its credit cards and fuel cards.

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

The Entity does not have a written policy for Travel and Expense Reimbursements.

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

The Entity does not have a written policy for Ethics.

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

The Entity does not have a written policy for Debt Service.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity does not have a written policy for Information Technology.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The Entity's sexual harassment policy does not address (2) annual employee training or (3) annual reporting.

B - Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

C - Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 12 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (3 main operating and 2 others) and obtained the bank reconciliations for one month for each. Each bank reconciliation was obtained and subjected to the below procedures.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

D - Collections

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

A listing of deposit sites were provided. No exceptions noted.

From the listing provided, only 1 location was identified. Therefore, this location was selected and the following procedures were performed.

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

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

Inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

Employees responsible for cash collections share cash drawers/registers on rare occasions.

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

The employees responsible for collecting cash are responsible for preparing/making bank deposits.

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

2 out of 3 employees responsible for collecting cash are responsible for posting collection entries to the general ledger or subsidiary ledgers. 1 of these 2 employees is responsible for reconciling ledger postings to the deposit.

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

On rare occasions, the employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is responsible for collecting cash.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Of the 10 deposits tested, 3 deposits were not made within one day of receipt.

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

No exceptions noted.

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

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

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

From the listing provided, only 1 location was identified. Therefore, this location was selected, and the following procedures were performed.

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

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

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

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

No exceptions noted.

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

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

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

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

From the listing provided, we selected all (5) cards (2 credit cards and 3 fuel cards) used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder

No exceptions noted.

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

No exceptions noted.

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

We randomly selected all transactions for 2 of the 5 cards selected in procedure #12 (3 fuel cards excluded) and performed the specified procedures. There were no exceptions noted as a result of performing this procedure.

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

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

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

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

H - Contracts

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

We obtained from management a listing of all agreements/contracts. No exceptions were noted as a result of performing this procedure.

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

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

Each of the 5 contracts selected for our procedures were for professional services, therefore none were subject to Louisiana Public Bid Law and was not compliant.

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

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

None of the 5 contracts selected were amended. Therefore, this procedure is not applicable.

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

No exceptions noted.

I - Payroll and Personnel

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

A listing of employees and officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees and performed the specified procedures. No exceptions noted.

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

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees selected in procedure #16.

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

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

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

No exceptions noted.

- d) Observe whether rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file

No exceptions noted.

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

A listing of employees or officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

There was only one employee that received termination payments. No exceptions noted as a result of performing this procedure.

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

No exceptions noted.

J - Ethics

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

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

Of the 5 employees selected, 1 was hired in February 2022 and therefore had not completed one hour of ethics training during the fiscal period covered by these procedures.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

The Town does not have a formal ethics policy.

K - Debt Service

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

No bonds were issued during the current fiscal year. This step is not applicable.

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

A listing of bonds/notes outstanding at the end of the fiscal period was provided. From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. One payment during the year was not made timely.

L – Fraud Notice

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

No exceptions noted.

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

The Town does not have a website, but the notice was posted on the lobby bulletin board. No exceptions noted.

M – Information Technology

25. Perform the following procedures, (verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”)

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedures and discussed the results with management.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedures and discussed the results with management.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures and discussed the results with management.

N – Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Of the 5 employees selected, 1 was hired in February 2022 and therefore had not completed one hour of sexual harassment training during the fiscal period covered by these procedures.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

The Town of Litcher does not have a website; Therefore, the policy was not listed on a website. The policy was also not posted anywhere in the office, but it was asserted that each employee is handed a copy after they complete the one-hour course.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions noted.

b) Number of sexual harassment complaints received by the agency;

No exceptions noted.

c) Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions noted.

e) Amount of time it took to resolve each complaint.

No exceptions noted.

Corrective Action

29. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Attached.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



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

Postlethwaite & Netterville

Donaldsonville, LA
October 31, 2022



Mayor
Patrick P. St. Pierre

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

Town of Lutcher

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

October 31, 2022



Town Clerk
Vanessa C. Roussel

Town Attorney
Wilbur W. Reynaud

Chief of Police
Dwan B. Bowser

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

The purpose of this communication is to respond to issues included in the Statewide Agreed-Upon Procedures (SAUPs) letter for the audit period which ended April 30, 2022.

A. Written Policies and Procedures

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

- Management has begun the process to compile a written policies /procedures guide for all business/financial operations. These policies and procedures should cover all categories and subcategories.

D. Collections 5 a-d

- Management intends to train other employees to fulfill the financial reporting functions in the event of their absence.

D. Collections 7-d

- Management will make deposits on a daily basis. 2 of the 3 issues related to was caused due to Hurricane Ida.

Page 2
October 31, 2022

J. Ethics 20-a

- The employee is scheduled to take the one-hour ethics course.

J. Ethics 20-b

- Management will include a formal ethics policy in the written policies /procedures guide that is been written.

N. Sexual Harassment 27

- The Tow will post the Sexual Harassment Policy in the lobby of the Town Hall.

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

Sincerely,



Vanessa C. Roussel, LMMC
Town Clerk



Mayor
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Sincerely,



Vanessa C. Roussel, LMMC
Town Clerk



215 Saint Patrick St. – Donaldsonville, LA 70346
225-473-4179 Phone – 225-473-7204 Fax –
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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, 2022, and have issued our report thereon dated October 31, 2022. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

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

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

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated October 31, 2022, on the financial statements of the Town of Lutcher or the Town's internal control over financial reporting.



ML-2022-001

Internal Control

Condition:

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

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

Recommendations:

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

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

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 31, 2022

Status of Prior Year Management Letter Comments

ML-2021-001 Internal Control

- Condition:** Management is responsible for designing controls that safeguard the assets of the Town. During the audit, the following were noted as improvement opportunities:
- The Town does not have written policies and procedures surrounding the functions of financial reporting. Additionally, in the event of an unplanned absence by the Town Clerk, another employee has not been trained to fulfill some of the functions of financial reporting.
 - There are infrequent instances when one employee becomes responsible for all duties surrounding the cash function.
 - Vendor additions and vendor maintenance in the accounts payable system is not being reviewed.
 - There is no review of the prepared fixed asset schedule.

Current Status: A similar issue is reported as ML-2022-001.



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Town of Litcher

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October 31, 2022

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Donaldsonville, LA 70346

The purpose of this communication is to respond to issues included in the management letter for the audit period which ended April 30, 2022

ML 2022-001 Internal Controls

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

- Management will begin to compile a written policy/procedure guide for all business/financial operations
- Management intends to train other employees to fulfill the financial reporting functions in the event of their absence.
- Management will implement additional controls to ensure that one employee is not responsible for all duties surrounding the cash function. Additional controls will be put into place to ensure fixed asset listings are accurate.

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

Vanessa C. Roussel, LMMC
Town Clerk