

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019**



**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Jerry Bell, Mayor,
and Members of the Board of Aldermen
Town of Lake Providence, State of Louisiana

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Lake Providence (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on conducting the engagement 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, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The basis for the disclaimer of opinions is twofold. First, since the fiscal year encompasses two administrations, we would not expect to receive the current mayor's signature on the management representation letter that is required for us to be able to issue unmodified opinions. Secondly, due to the nature of the findings, in our professional judgment, we cannot accept management's representation letter.

Disclaimer of Opinion

Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. Accordingly, we do not express opinions on the financial statements referred to in the first paragraph.

Substantial Doubt about the Town's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Town of Lake Providence, State of Louisiana, will continue as a going concern. As discussed in Note 11 to the financial statements, the Town has experienced deficits averaging more than \$300,000 per year in the General Fund. The deficits have thus far been eliminated by transferring funds from the Utility Fund. The Town may not be able to sustain such transfers while also operating and maintaining the Town's water and sewer systems. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-5), budgetary comparison information (page 41), and schedule of employer's proportionate share of net pension liability (page 42), and schedule of employer contributions (page 43) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" paragraph, it is inappropriate to and we do not express an opinion on the required supplementary information referred to above.

Other Information

We were engaged to conduct an audit for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, reimbursements, and other payments to agency head; schedule of compensation paid aldermen; schedule of aldermen; schedule of count of utility customers; and schedule of utility activities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, reimbursements, and other payments to agency head; schedule of compensation paid aldermen; and schedule of utility activities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" paragraph, it is inappropriate to and we do not express an opinion on the schedules referred to above.

The schedule of aldermen and schedule of count of utility customers have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, 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.

BOSCH & STATHAM, LLC



Ruston, Louisiana

February 8, 2021

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis For the Year Ended June 30, 2019

Our discussion and analysis of the Town of Lake Providence, Louisiana (the Town) provides an overview of the Town's activities for the year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole.

Reporting the Town as a Whole: The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's net position and changes in them. The Town's net position (i.e., the difference between assets and liabilities) is a measure of the Town's financial position. The increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating.

THE TOWN AS A WHOLE

At June 30, 2019, net position was as follows:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 854,665	\$ 670,494	\$ 836,924	\$ 786,751	\$ 1,691,589	\$ 1,457,245
Capital assets	3,264,832	3,100,902	6,319,775	6,634,388	9,584,607	9,735,290
TOTAL ASSETS	4,119,497	3,771,396	7,156,699	7,421,139	11,276,196	11,192,535
Deferred outflows- pension related	27,647	34,822	104,006	130,962	131,653	165,784
LIABILITIES						
Current and other liabilities	235,873	56,581	213,175	222,262	449,048	278,843
Long-term liabilities	411,707	427,647	2,950,713	3,033,526	3,362,420	3,461,173
TOTAL LIABILITIES	647,580	484,228	3,163,888	3,255,788	3,811,468	3,740,016
Deferred inflows-pension related	7,586	7,564	28,537	28,449	36,123	36,013
NET POSITION						
Net investment in capital assets	2,950,416	2,781,476	3,709,135	3,963,292	6,659,551	6,744,768
Restricted	536,211	494,210	427,272	466,736	963,483	960,946
Unrestricted	5,351	38,740	(68,127)	(162,164)	(62,776)	(123,424)
TOTAL NET POSITION	\$ 3,491,978	\$ 3,314,426	\$ 4,068,280	\$ 4,267,864	\$ 7,560,258	\$ 7,582,290

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

Net position of the Town's governmental activities increased 5 percent during the year ended June 30, 2019. Unrestricted net position, the part that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, changed from \$38,740 to \$5,351. The decrease is due to increased restrictions on cash and cash equivalents, as increased investments in capital assets. Ordinary expenses decreased from \$1,562,740 to \$1,406,943.

Net position of the business-type activities decreased from \$4,267,864 to \$4,068,280. The decrease is primarily due to changes in operating grants and contributions. Ordinary expenses decreased from \$1,409,599 to \$1,395,298.

For the year ended June 30, 2019, net position changed as follows:

	Change in Net Position							
	2019		2018		2019		2018	
	Governmental Activities		Business-type Activities		Total			
Program Revenues:								
Charges for Services	\$ 297,171	\$ 312,996	\$ 1,251,222	\$ 1,222,695	\$ 1,548,393	\$ 1,535,691		
Operating grants and contributions	52,322	43,413	-	126,149	52,322	169,562		
Capital grants and contributions	298,957	12,814	-	-	298,957	12,814		
General Revenues:								
Property Taxes	236,728	203,174	-	-	236,728	203,174		
Sales and use taxes	249,531	252,042	251,101	252,079	500,632	504,121		
Other taxes	90,946	92,725	-	-	90,946	92,725		
Earnings on investments	2,130	499	859	1,196	2,989	1,695		
Other	49,242	71,671	-	36,767	49,242	108,438		
Total Revenues	<u>1,277,027</u>	<u>989,334</u>	<u>1,503,182</u>	<u>1,638,886</u>	<u>2,780,209</u>	<u>2,628,220</u>		
Governmental Activities								
General government	348,370	403,612	-	-	348,370	403,612		
Public safety	625,396	677,663	-	-	625,396	677,663		
Highways and Streets	372,430	392,274	-	-	372,430	392,274		
Health and welfare	-	3,950	-	-	-	3,950		
Culture and Recreation	47,268	71,554	-	-	47,268	71,554		
Interest expenses	13,479	13,687	112,368	114,879	125,847	128,566		
Business-type activities								
Utilities	-	-	1,282,930	1,294,720	1,282,930	1,294,720		
Total Expenditures	<u>1,406,943</u>	<u>1,562,740</u>	<u>1,395,298</u>	<u>1,409,599</u>	<u>2,802,241</u>	<u>2,972,339</u>		
Increase (Decrease) in net position before transfers	(129,916)	(573,406)	107,884	621,089	(22,032)	47,683		
Transfers	<u>307,468</u>	<u>425,188</u>	<u>(307,468)</u>	<u>(425,188)</u>	<u>-</u>	<u>-</u>		
NET CHANGE IN NET POSITIONS	177,552	(148,218)	(199,584)	(195,901)	(22,032)	(344,119)		
Net Position, Beginning	<u>3,314,426</u>	<u>3,462,644</u>	<u>4,267,864</u>	<u>4,463,765</u>	<u>7,582,290</u>	<u>7,926,409</u>		
Net Position, Ending	<u>\$ 3,491,978</u>	<u>\$ 3,314,426</u>	<u>\$ 4,068,280</u>	<u>\$ 4,267,864</u>	<u>\$ 7,560,258</u>	<u>\$ 7,582,290</u>		

As of June 30, 2019, none of the Town's funds have a deficit balance. The General Fund has a fund balance of \$615,917 which is an increase of approximately 0.79% from prior year. Fund balance is equal to approximately six months of expenditures.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

BUDGETARY HIGHLIGHTS

During the year, in the General Fund, there was an \$72,358 increase in anticipated revenues. It was due primarily to increases in intergovernmental revenues and taxes. Anticipated expenditures increased by \$1,114 primarily due to increases in public safety, and highways and streets offset by a decrease in general government, and culture and recreation.

CAPITAL ASSET AND DEBIT ADMINISTRATION

Capital Assets

As of June 30, 2019, the Town's investment in capital assets for its governmental and business-type activities amounts to \$9,584,607 (net of accumulated depreciation). This investment includes the land, buildings and improvements, streets, vehicles, furniture and equipment.

This year's additions of \$367,737 include a highways and streets, water system improvements and other infrastructures, and furniture and equipment. Depreciation expense for governmental and business-type activities was \$178,377 and \$340,045, respectively.

Debt

At year end, the Town had a total of \$314,417 in general obligation bonds and \$2,610,640 in revenue bonds outstanding. The bonds bear interest between 4.125%, 2.34% and 4.25%. There is one issue of general obligation bonds and one issue of revenue bonds. The bonds are due to mature in 2049 and 2043, respectively. The funds were used to finance the cost of the construction of extensions, improvements, and additions to the existing waterworks and sewer systems of the Town.

In addition, the Town had other long-term obligations:

- Net pension liability - \$426,668
- Compensated absences payable - \$10,695

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Our elected and appointed officials consider many factors when setting the Town's budget and tax rates. One of the most important factors affecting the budget is our franchise, ad valorem, sales and other tax collections. Approximately 50% of total revenues in the General Fund are taxes. We have budgeted very little change in taxes for the year ending June 30, 2020.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Mayor at Town Hall, 201 Sparrow Street, Lake Providence, Louisiana 71263, telephone number 318-559-2288.

Basic Financial Statements

**BASIC FINANCIAL STATEMENTS :
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Statement of Net Position
June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 104,317	\$ 221,997	\$ 326,314
Cash and cash equivalents - restricted	536,211	427,272	963,483
Receivables, net of allowance for uncollectible	214,137	187,655	401,792
Capital assets not being depreciated	560,647	61,545	622,192
Capital assets, net of accumulated depreciation	2,704,185	6,258,230	8,962,415
TOTAL ASSETS	4,119,497	7,156,699	11,276,196
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	27,647	104,006	131,653
LIABILITIES			
Accounts payable and accrued expenses	203,295	68,237	271,532
Payroll and related liabilities	32,022	7,480	39,502
Accrued liabilities	556	-	556
Customer deposits payable	-	137,458	137,458
Long-term liabilities:			
Due within one year	5,232	63,076	68,308
Due in more than one year	309,185	2,547,564	2,856,749
Compensated absences payable	7,690	3,005	10,695
Net pension liability	89,600	337,068	426,668
TOTAL LIABILITIES	647,580	3,163,888	3,811,468
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	7,586	28,537	36,123
NET POSITION			
Net investment in capital assets	2,950,416	3,709,135	6,659,551
Restricted	536,211	427,272	963,483
Unrestricted (deficit)	5,351	(68,127)	(62,776)
TOTAL NET POSITION	\$ 3,491,978	\$ 4,068,280	\$ 7,560,258

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

**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS**

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Balance Sheet
Governmental Funds
June 30, 2019**

	General Fund	Capital Project	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 101,442	\$ 2,875	\$ 104,317
Cash and cash equivalents - restricted	536,211	-	536,211
Receivables, net	38,212	175,925	214,137
Total Assets	675,865	178,800	854,665
LIABILITIES			
Accounts payable	27,370	175,925	203,295
Payroll and related liabilities	32,022	-	32,022
Accrued liabilities	556	-	556
Total Liabilities	59,948	175,925	235,873
FUND BALANCES			
Restricted	536,211	-	536,211
Unassigned	79,706	-	79,706
Total Fund Balances	615,917	2,875	618,792
Total Liabilities and Fund Balances	\$ 675,865	\$ 178,800	\$ 854,665

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019**

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

Total fund balances for governmental funds	\$	618,792
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds		3,264,832
Other long-term assets are not available to pay for current period expenditures and , therefore, are deferred in the funds.		
Deferred outflows - pension related		27,647
Deferred inflows - pension related		(7,586)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable		(314,417)
Compensated absences payable		(7,690)
Net pension liability		<u>(89,600)</u>
Total net position of governmental activities	\$	<u><u>3,491,978</u></u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes			
Ad valorem	\$ 236,728	-	\$ 236,728
Sales and use	249,531	-	249,531
Franchise	89,845	-	89,845
Other taxes, penalties and interest	1,101	-	1,101
Licenses and permits	123,177	-	123,177
Intergovernmental : state fund			
Supplemental pay	35,583	-	35,583
Fire insurance rebate	12,613	-	12,613
Local governmental assistance program and grants	4,126	-	4,126
Intergovernmental : federal fund			
Federal grants	-	298,957	298,957
Charges for services	2,587	-	2,587
Fines and forfeits	171,407	-	171,407
Lease income	15,519	-	15,519
Interest income	2,130	-	2,130
Miscellaneous revenues	33,723	-	33,723
Total revenues	<u>978,070</u>	<u>298,957</u>	<u>1,277,027</u>
Expenditures:			
Current:			
General government	326,677	-	326,677
Public safety:			
Police Department	458,299	-	458,299
Fire Department	156,580	-	156,580
Animal Control	1,270	-	1,270
Highways and streets	249,987	-	249,987
Health and welfare	-	-	-
Culture and recreation	26,008	-	26,008
Debt Services			
Principal	5,009	-	5,009
Interest and others	13,479	-	13,479
Capital Outlay	-	342,307	342,307
Total expenditures	<u>1,237,309</u>	<u>342,307</u>	<u>1,579,616</u>
Excess (deficiency) of revenues over (under) expenditures	(259,239)	(43,350)	(302,589)
Other Financial Sources (Uses):			
Transfer out	(18,200)	-	(18,200)
Transfer In	282,318	43,350	325,668
Net Change in Fund Balance	4,879	-	4,879
Fund balances, beginning	<u>611,038</u>	<u>2,875</u>	<u>613,913</u>
Fund balances, ending	<u>\$ 615,917</u>	<u>\$ 2,875</u>	<u>\$ 618,792</u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	4,879
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays		342,307
Depreciation		(178,377)

The liability and expense for compensated absences are not reported in governmental funds. Instead, payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources and it would take a current liability catastrophic event for this liability to become a current liability.

		6,795
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Payments on debt		5,009
Pension expense		(5,720)
Nonemployee contributions to pension plan		<u>2,659</u>

Change in net position of governmental activities	\$	<u><u>177,552</u></u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Statement of Net Position
Proprietary Funds
June 30, 2019**

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 221,997
Receivables, net	<u>187,655</u>
Total current assets	<u>409,652</u>
Noncurrent assets:	
Restricted cash and cash equivalents	427,272
Capital assets, net of depreciation	<u>6,319,775</u>
Total noncurrent assets	<u>6,747,047</u>
Total assets	<u>7,156,699</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>104,006</u>
LIABILITIES	
Current liabilities :	
Accounts payable	68,237
Payroll and related liabilities	7,480
Current portion of long-term debt	63,076
Customer deposits payable	<u>137,458</u>
Total current liabilities	<u>276,251</u>
Noncurrent liabilities:	
Compensated absences payable	3,005
Revenue bonds payable	2,547,564
Net pension liability	<u>337,068</u>
Total noncurrent liabilities	<u>2,887,637</u>
Total liabilities	<u>3,163,888</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>28,537</u>
NET POSITION	
Net investment in capital assets	3,709,135
Restricted	427,272
Unrestricted (deficit)	<u>(68,127)</u>
Total Net position	<u>\$ 4,068,280</u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019**

Operating revenues:	
Charges for sales and services:	
Water charges	\$ 591,507
Sewer charges	255,923
Lakeside sewer district fees	72,855
Garbage charges	186,368
Street light charges	64,314
Penalties charged on utility accounts	56,393
Other operating revenue	23,862
Total operating revenues	<u>1,251,222</u>
Operating expenses:	
General and administrative:	
Salaries and related benefits	68,362
Materials and supplies	2,528
Operating costs	86,057
Professional services	23,857
Water department:	
Water salaries and related benefits	75,253
Water materials and supplies	66,382
Water operating costs	82,001
Water professional services	72,000
Water depreciation	225,922
Sewer department:	
Sewer salaries and related benefits	59,411
Sewer materials and supplies	37,910
Sewer operating costs	114,544
Sewer professional services	72,000
Sewer depreciation	114,123
Sanitation department:	
Sanitation salaries and related benefits	60,162
Sanitation materials and supplies	2,271
Sanitation operating costs	49,207
Street lighting expense	70,939
Total operating expenses	<u>1,282,930</u>
Operating income (loss)	<u>(31,708)</u>
Nonoperating revenues (expenses):	
Sales and use taxes	251,101
Interest income	859
Interest expense	(112,368)
Total Nonoperating revenues (expenses)	<u>139,592</u>
Income (loss) before transfers	107,884
Transfers in	18,200
Transfers out	<u>(325,668)</u>
Change in net position	(199,584)
Net position, beginning	<u>4,267,864</u>
Net position, ending	<u>\$ 4,068,280</u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019**

	<u>Utility Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,271,044
Cash paid for employee services and benefits	(269,570)
Payments to suppliers	<u>(677,717)</u>
Net cash provided (used) by operating activities	<u>323,757</u>
Cash flows from noncapital financing activities:	
Transfers in	18,200
Transfers out	(325,668)
Sales tax receipts	<u>251,101</u>
Net cash provided (used) by noncapital activities	<u>(56,367)</u>
Cash flows from investing activities	
Earnings on investments	<u>859</u>
Net cash provided (used) by investing activities	<u>859</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(25,430)
Principal payment bonds	(60,456)
Interest expense	<u>(112,368)</u>
Net cash provided (used) for capital and related financing activities	<u>(198,254)</u>
Net increase in cash and cash equivalents	69,995
Cash and cash equivalents, beginning of period	<u>579,274</u>
Cash and cash equivalents, end of period	<u>\$ 649,269</u>

(Continued)

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2019**

	<u>Utility Fund</u>
Reconciliation of operating income(loss) to net cash Provided (used) by operating activities:	
Operating income (loss)	\$ (31,708)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	340,045
Pension related	11,581
(Increase) decrease in accounts receivable	19,822
Increase (decrease) in accounts payable	4,030
Increase (decrease) in retainages payable	(16,905)
Increase (decrease) in payroll and related liabilities	1,407
Increase (decrease) in compensated absences	(6,896)
Increase (decrease) in customer deposits payable	<u>2,381</u>
Net cash provided (used) by operating activities	<u>\$ 323,757</u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The Town of Lake Providence, Louisiana, (the Town) was incorporated in 1848. In 1904, the Town began operating under the provisions of the "Lawrason Act" (Louisiana Revised Statutes (R.S.) 33:321-481) of the constitution of the State of Louisiana. The Town is located in the parish of East Carroll and, as of 2010, had a population of 5,104. The Town operates under a "Board of Aldermen-Mayor" form of government and as permitted under the act, provides police protection, fire protection, roads, streets and sidewalks; sponsorship of federal and state supported programs, water and sewer utilities and other necessary public services.

The accompanying basic financial statements of the Town of Lake Providence have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary funds as of and for the year ended June 30, 2019.

Financial Reporting Entity

The Town reporting entity consists of the various departments and activities that are within the control and authority of the Mayor and the Board of Aldermen.

As required by GASB Statement No. 14, The Financial Reporting Entity, as amended, a legally separate entity is considered a component unit of the Town if at least one of the following criteria is met:

1. The Town appoints a voting majority of the organization's governing body and is either able to impose its will on the organization or there is a potential financial benefit/burden to the Town.
2. The entity is fiscally dependent on the Town.
3. The nature and significance of the relationship between the Town and the entity is such that exclusion would cause the financial statements of the Town to be misleading or incomplete.

Under provisions of this Statement, the Town is considered a primary government since it 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. The Town has no component units.

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

Basis of Presentation

The financial report consists of Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and required supplementary information other than the MD&A. The MD&A provides an overview of the financial activities of the Town. The basic financial statements include the government-wide financial statements, fund financial statements, and the notes to the basic financial statements.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Major revenues such as ad valorem taxes and sales taxes are assessed, collected and susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the Town by reporting each in a separate column.

All capital (long-lived) assets, receivables, and long-term obligations are reported in the Statement of Net Position. The Statement of Activities reports revenues and expenses in a format that allows the reader to focus on the net cost of each function of the Town. Both the gross and net cost per function, which is otherwise being supported by general government revenues, is compared to the revenues generated directly by the function. In the Statement of Activities, gross expenses, including depreciation, are reduced by related program revenues, which are comprised of charges for services, operating grants, and capital grants. Direct and indirect expenses are reported as program expenses for individual functions and activities. The program revenues must be directly associated with the function or a business-type activity. The types of transactions included in program revenues are licenses and permits, fines, lease income, court costs, charges for mowing, and charges for gravesites. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Fund Financial Statements

The fund financial statements report the Town as a collection of major and nonmajor funds presented on separate schedules by fund category- governmental, proprietary, and fiduciary funds.

- The governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances, with one column for the general fund, one for each of the other major funds, and one column combining all the nonmajor governmental funds. The Town does not have any nonmajor governmental funds. The statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period, generally considered sixty days after the end of the fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest payments on general long-term liabilities which are recognized when due.
- The proprietary fund statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. Each statement has a column for each major enterprise fund. The Town does not have any nonmajor proprietary funds or internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting in order to make a determination of net income, financial position, and cash flows.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Although the financial statements presented in each of these three schedules contain "total" columns, they merely combine rather than consolidate the funds. Hence, interfund transactions that generate receivables and payables or transfers from one fund to another are not eliminated.

Major funds are those whose revenues, expenditures/expenses, assets and deferred outflows, or liabilities and deferred inflows are at least ten percent of the total for their fund category or type (governmental or enterprise) and at least five percent of the corresponding element total for all governmental and enterprise funds combined.

The data on the face of the three sets of financial statements must be accompanied by certain disclosures to ensure accurate information is presented in the form of a single set of note to the basic financial statements.

The major governmental funds of the Town are the General Fund and the Capital Projects Fund.

The General Fund 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 Capital Projects Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Town reports one major enterprise fund, the Utility Enterprise Fund which accounts for the activities of the water, sewer, sanitation and street lighting departments.

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances

Cash and Investments

The Town Clerk pools those cash resources for which she is responsible and invests them accordingly. For purposes of the financial statements, including the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Cash and investment earnings are recorded in the Fund that holds the investment.

Receivables and Payables

Activity between funds that is outstanding at the end the fiscal year is referred to as either "due to or from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All internal balances are eliminated in the total primary government column. Receivables include all amounts susceptible to accrual that have not been collected at June 30 but will be collected soon enough after the end of the year to pay liabilities of that year. They include all amounts

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

earned, but not collected at June 30. Receivables (net of any uncollectible amounts) and payables are reported on separate lines.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Town in September or October, are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Town bills and collects its own property taxes using the assessed value determined by the assessor of East Carroll Parish and approved by the State of Louisiana Tax Commission. However, taxes that are received after more than 60 days after year end, will be recorded as deferred revenue at year end as they are not available. For the year ended June 30, 2019, taxes of 18.4 mills were levied on property with assessed valuations totaling \$13,231,293, as follows:

	Authorized Mileage	Levied Millage	Expiration Date
General	11.50	11.50	Indefinite
Fire	3.26	3.26	2027
Police	2.61	2.61	2027

The following are the principal taxpayers and related property tax revenue for the Town:

Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Lansing Louisiana, LLC	1,198,949	9%	20,826
Delta Bank	715,825	5%	12,434
Nutrien AG Solutions, Inc.	385,665	3%	6,699
Entergy Louisiana, Inc.	383,140	3%	6,655
Capital One, N.A.	353,509	3%	6,140
Atmos Energy Corporation	300,178	2%	5,214
Jongs, Inc.	183,395	1%	3,186
Bell South Telecommunications	129,873	1%	2,256
Carroll Oil, Inc.	76,606	1%	1,331
Providence Foods, LLC	73,206	1%	1,272
Totals	\$ 3,800,346	29%	\$ 66,013

Voters of the Town authorized a one percent sales and use tax at a special election held November 3, 1998. On July 19, 2008, the tax was approved for an additional ten years from January 1, 2009. On April 28, 2018, the tax was approved for an additional ten years from January 1, 2019. The tax is to be used for the purpose of constructing, acquiring, improving, extending, operating, and/or maintaining the Town's sewer system and water works facilities and improvements. An additional one percent sales and use tax was approved by the voters on January 15, 2005 for a period of ten years. On November 4,

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

2014, voters renewed the tax for an additional ten years commencing March 31, 2015. The tax is to be used for the purpose of improvement, maintenance, and/or repair of public streets within the corporate limits of the Town. Sales taxes are recognized when the underlying exchange transaction occurs, and the resources are available.

Inventories and Prepaid Items

Inventories consisting of office supplies and water and sewer plant supplies held for consumption are valued using the average cost method. The consumption method is used for financial reporting. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets represent primarily cash and investments held separately and restricted according to bond indenture agreements. Cash held for water customer meter deposits is also reported as restricted.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported capital in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded as expenditures in each fund and capitalized at the government-wide level; assets of enterprise funds are reported in the fund. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. The capitalization threshold is \$1,000. For reporting purposes, the Town defines capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. They are depreciated principally using the straight-line method with an estimated useful life typically of 50 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction-in-progress is not depreciated.
- Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.
- Infrastructure assets include tunnels, drainage systems, water and sewer systems, darns, and lighting systems. Infrastructure is depreciated using the straight-line method with an estimated useful life of 20 to 40 years.
- Purchased computer software is depreciated using the straight-line method over an estimated useful life of 3 years.
- Donated capital assets are recorded at their estimated fair value at the date of donation.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated absences

An employee must have been in the service of the Town for at least one year to be eligible for annual leave. Employees' vacations are determined by length of service with the Town. Employees with up to three years of service earn one week of vacation. Employees with more than three years of service earn two weeks of vacation. Employees are not paid for accumulated vacation leave upon separation, termination, retirement, or death.

Each employee earns sick leave at the rate of one and one-quarter day for each month worked up to a maximum of fifteen days. If no sick leave is used during a year, the employee may carry forward six days to the next year. If any sick leave is used during the year, the employee may carry forward half of the leave earned for the year. The total accumulated balance cannot exceed sixty days. At separation, termination, retirement, or death, an employee may only be paid for the amount earned during the current year.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Individual funds have been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc. Prior to the implementation of GASB Statement No. 65, bond premiums and discounts, as well as issuance costs, were deferred and amortized over the life of the bonds. Subsequently, the costs are expensed as incurred.

Fund Balance Classifications and Net Position

Fund balances are reported under the following fund balance classifications:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or are legally or contractually required to be maintained intact.
Restricted	Includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes amounts that can only be used for specific purposes pursuant to constraints that are internally imposed by the government through formal action of the Town Council and does not lapse at year-end.
Assigned	Includes amounts that are constrained by the Council's intent to be used for specific purposes that are neither considered restricted or committed.
Unassigned	Includes amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

General Fund. Negative fund balances in other governmental funds can also be classified as unassigned.

The Town has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of the Town is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

The difference between assets and liabilities is "net position" on the government-wide, proprietary, and fiduciary fund statements. Net position is segregated into three categories on the government-wide statement of net position:

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.

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 legislations. The Town first uses restricted net position for expenses incurred when both restricted and unrestricted net position are available for use. The use of restricted net position may be deferred based on a review of the specific transaction.

Unrestricted net position - The balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation of the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resource's measurement focus and modified accrual basis of accounting to the economic measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, inventories and prepaids, long-term debt, accrued interest, long-term liabilities, and deferred revenue, which are shown on the government-wide but not the governmental fund statements.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Budgets

The Town of Lake Providence (Mayor and Council) uses the following budget practices:

1. Prior to June 30, the Town Clerk submits to the Mayor and Board Members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. During the month of June, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund.
5. Budgets are adopted on the modified accrual basis.
6. Appropriations lapse at the end of each fiscal year.
7. The Mayor and Board may authorize supplemental appropriations during the year.

Use of estimates

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

Note 2 - Cash and Cash Equivalents and Investments

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. The policy is not a formal written policy. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 2 - Cash and Cash Equivalents and Investments (continued)

At June 30, 2019, the Town has cash and cash equivalents (book balances) totaling \$1,289,797 as follows:

Cash and cash equivalents - unrestricted:

Demand deposits	\$ 292,736
Time deposits	33,154
Other	<u>424</u>
Total	<u>326,314</u>

Cash and cash equivalents - restricted:

Demand deposits	384,332
Time deposits	<u>579,151</u>
Total	<u>963,483</u>

Total cash and cash equivalents \$ 1,289,797

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

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2019, \$360,704 of Town's bank balances of \$1,332,004 was exposed to custodial credit risk as follows:

Insured by FDIC	<u>961,300</u>
Uninsured and collateralized	-
Collateralized by pledged securities not in the Town's name	<u>360,704</u>
Total balances exposed to custodial credit risk	<u>360,704</u>
Total bank balances	<u><u>\$ 1,322,004</u></u>

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TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 3 - Receivables.

The following is a summary of receivables on June 30, 2019:

	<u>General</u>	<u>Capital Projects</u>	<u>Utility Enterprise</u>	<u>Total</u>
Receivables:				
Taxes:				
Sales and use taxes	\$ 19,524	\$ -	\$ 19,524	\$ 39,048
Franchise taxes	18,688	-	-	18,688
Intergovernmental - LCDBG	-	175,925	763	176,688
Accounts	-	-	493,039	493,039
Other	-	-	4,678	4,678
Gross receivables	<u>38,212</u>	<u>175,925</u>	<u>518,004</u>	<u>732,141</u>
Less allowance for uncollectible	<u>-</u>	<u>-</u>	<u>(330,349)</u>	<u>(330,349)</u>
Net total receivables	<u><u>\$ 38,212</u></u>	<u><u>\$ 175,925</u></u>	<u><u>\$ 187,655</u></u>	<u><u>\$ 401,792</u></u>

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TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 4 - Capital Assets

A schedule of changes in capital assets for the year ended June 30, 2019, follows:

	Balance 07/1/2018	Increases	Decreases	Balance 06/30/2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 218,340	\$ -	\$ -	\$ 218,340
Construction in Progress	-	342,307	-	342,307
Total capital assets not being depreciated	<u>218,340</u>	<u>342,307</u>	<u>-</u>	<u>560,647</u>
Capital assets being depreciated:				
Infrastructure	3,976,388	-	-	3,976,388
Buildings	778,257	-	-	778,257
Building improvements	792,411	-	-	792,411
Furniture and equipment	354,322	-	-	354,322
Vehicles	728,419	-	-	728,419
Total capital assets being depreciated	<u>6,629,797</u>	<u>-</u>	<u>-</u>	<u>6,629,797</u>
Less accumulated depreciation for:				
Infrastructure	2,025,648	105,124	-	2,130,772
Buildings	299,118	18,345	-	317,463
Building improvements	417,809	30,618	-	448,427
Furniture and equipment	316,234	12,805	-	329,039
Vehicles	688,426	11,485	-	699,911
Total accumulated depreciation	<u>3,747,235</u>	<u>178,377</u>	<u>-</u>	<u>3,925,612</u>
Total capital assets being depreciated	<u>2,882,562</u>	<u>(178,377)</u>	<u>-</u>	<u>2,704,185</u>
Governmental activities, capital assets, net	<u>\$ 3,100,902</u>	<u>\$ 163,930</u>	<u>\$ -</u>	<u>\$ 3,264,832</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 4 - Capital Assets (continued)

	Balance 07/1/2018	Increases	Decreases	Balance 06/30/2019
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 61,545	\$ -	\$ -	\$ 61,545
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	61,545	-	-	61,545
Capital assets being depreciated:				
Infrastructure	11,494,911	16,772	-	11,511,683
Buildings	148,905	-	-	148,905
Building improvements	23,689	-	-	23,689
Furniture and equipment	300,350	8,658	-	309,008
Vehicles	360,293	-	-	360,293
Total capital assets being depreciated	12,328,148	25,430	-	12,353,578
Less accumulated depreciation for:				
Infrastructure	5,021,884	324,361	-	5,346,245
Buildings	80,899	2,931	-	83,830
Building improvements	23,532	35	-	23,567
Furniture and equipment	274,353	10,866	-	285,219
Vehicles	354,635	1,852	-	356,487
Total accumulated depreciation	5,755,303	340,045	-	6,095,348
Total capital assets being depreciated	6,572,845	(314,615)	-	6,258,230
Governmental activities, capital assets, net	\$ 6,634,390	\$ (314,615)	\$ -	\$ 6,319,775

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 4 - Capital Assets (continued)

Depreciation expense was charged as follows:

Government activities:

General Government	\$ 25,427
Public safety	9,247
Highways and streets	122,443
Culture and recreation	<u>21,260</u>
Total	<u>\$ 178,377</u>

Business-type activities:

Water	\$ 225,922
Sewer	<u>114,123</u>
Total	<u>\$ 340,045</u>

Note 5 – Interfund Transfers

During the year ended June 30, 2019, the Utility Fund transferred \$264,118 to the General Fund to subsidize operations. The Utility Fund transferred \$43,350 to the Capital Projects Fund to pay an invoice for an LCDBG sewer project.

Transfers are used to move funds to finance various programs that the Town must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Note 6 - Long-Term Obligations

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The Town also issues bonds where the Town pledges income derived from the acquired or constructed asset to pay debt service.

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TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 6 - Long-Term Obligations (continued)

Bonds payable on June 30, 2019, are comprised of the following issues:

USDA Community Center Project Bond:

\$355,000 Public Improvement Bonds, Series 2008, dated October 23, 2009, payable in monthly installments of \$1,541 commencing November 2009, through October 23, 2049; interest payable at a rate of 4.25%. The General Fund services this debt.

\$ 314,417

Utility Revenue Bonds:

\$3,288,000 Utility Revenue Bond, Series 2003, dated September 11, 2003, payable in monthly installments of \$14,402 beginning October 11, 2004, and ending September 11, 2043, including interest at 4.25%. \$850,000 of Water Revenue Bonds dated September 13, 2004, due in monthly installments of \$3,859 through July 2044; bearing interest at a rate of 4.25%. The Utility Enterprise Fund services this debt.

2,610,640

Total Reporting Entity

\$ 2,925,057

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Additions	Deletions	Ending Balances	Amounts Due Within
<u>Governmental Activities:</u>					
Long-term debt:					
Bonds payable	\$ 319,426	\$ -	\$ (5,009)	\$ 314,417	\$ 5,232
Compensated absences	14,485	-	(6,795)	7,690	-
Net Pension Liability - MERS	93,736	-	(4,136)	89,600	-
Governmental activity long-term liabilities	<u>\$ 427,647</u>	<u>\$ -</u>	<u>\$ (15,940)</u>	<u>\$ 411,707</u>	<u>\$ 5,232</u>
<u>Business-type Activities:</u>					
Revenue bonds payable	\$ 2,671,096	\$ -	\$ (60,456)	\$ 2,610,640	\$ 63,076
Compensated absences	9,901	-	(6,896)	3,005	-
Net Pension Liability - MERS	352,529	-	(15,461)	337,068	-
Business-type activity long-term liabilities	<u>\$ 3,033,526</u>	<u>\$ -</u>	<u>\$ (82,813)</u>	<u>\$ 2,950,713</u>	<u>\$ 63,076</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 6 - Long-Term Obligations (continued)

Annual debt service requirements to maturity for bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>USDA Community Center Project Bond</u>		<u>Utility Revenue Bond</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,232	\$ 13,260	\$ 63,076	\$ 109,748	\$ 68,308	\$ 123,008
2021	5,458	13,034	65,809	107,015	71,267	120,049
2022	5,695	12,797	68,661	104,163	74,356	116,960
2023	5,942	12,550	71,637	101,187	77,579	113,737
2024	6,199	12,293	74,742	98,082	80,941	110,375
2025-2029	35,267	57,193	425,195	438,925	460,462	496,118
2030-2034	43,600	48,860	525,669	338,451	569,269	387,311
2035-2039	53,903	38,557	649,886	214,234	703,789	252,791
2040-2044	66,640	25,820	665,965	62,693	732,605	88,513
2045-2049	82,388	10,099	-	-	82,388	10,099
2050-2054	4,093	-	-	-	4,093	-
Totals	<u>\$ 314,417</u>	<u>\$ 244,463</u>	<u>\$ 2,610,640</u>	<u>\$ 1,574,498</u>	<u>\$ 2,925,057</u>	<u>\$ 1,818,961</u>

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

Interest expense for governmental activities and business-type activities for the year ended June 30, 2019, totaled \$13,479 and \$112,368, respectively.

Note 7 – Pension Plan

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description

The Town of Lake Providence contributes to the Municipal Employees' Retirement System of Louisiana (MERS), which is a cost sharing multiple employers defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan B who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 7 – Pension Plan (continued)

1. Any age with 30 years of creditable service.
2. Age 60 with a minimum of ten or more years of creditable service.
3. Any age with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.

Eligibility for retirement for Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven or more years of creditable service.
2. Age 62 with ten or more years of creditable service.
3. Age 55 with thirty or more years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused side leave.

However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement shall consist of an amount equal to 2% of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2019, the Town of Lake Providence's total payroll for all employees was \$849,903. Total covered payroll was \$332,013. Covered payroll refers to all compensation paid by the Town of Lake Providence to active employees covered by the Plan.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2019, the actual employer contribution rate was 14% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Lake Providence to the System monthly. The Town of Lake Providence's contributions to the System under Plan B for the year ending June 30, 2019 were \$49,532.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 7 – Pension Plan (continued)

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

On June 30, 2019, the Town reported a liability of \$426,668 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Lake Providence's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. On June 30, 2018, the Town's proportion was 0.504436%, which was a decrease of 0.011338% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town of Lake Providence recognized pension expense of \$89,450 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and current year contributions, which was (\$16,892). Total pension expense for the Town of Lake Providence for the year ended June 30, 2019 was \$72,558.

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

	Deferred Outflows of Resources:	Deferred Inflows of Resources:
Differences between expected and actual experience	\$ 1,143	\$ 19,217
Net difference between projected and actual investment earnings on pension plan investments	69,348	-
Changes of assumptions	15,967	-
Changes in proportion	-	16,906
Employer contributions subsequent to the measurement date	45,195	-
Total	\$ 131,653	\$ 36,123

The \$45,195 reported as deferred outflows of resources related to pensions resulting from the Town of Lake Providence's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 7 – Pension Plan (continued)

Year ending June 30:		
2020	\$	27,547
2021		14,348
2022		6,288
2023		<u>2,152</u>
Total	<u>\$</u>	<u>50,335</u>

Actuarial Assumptions

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

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal cost
Expected remaining service	3 years
Investment rate of return	7.275%
Inflation rate	2.60%
Salary increase, including inflation and merit increases	5.00%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA
Employee mortality	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 7 – Pension Plan (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Public equity	50%	2.2%
Public fixed income	35%	1.5%
Alternatives	<u>15%</u>	<u>0.6%</u>
Totals	<u>100%</u>	<u>4.3%</u>
Inflation		<u>2.7%</u>
Expected arithmetic nominal return		<u>7.0%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.275% for the years ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2018 is 4 years for Plan B.

Sensitivity of the Town of Lake Providence's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town of Lake Providence's proportionate share of the net pension liability calculated using the discount rate of 7.275%, as well as what the Town of Lake Providence's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.275%) or one percentage-point higher (8.275%) than the current rate:

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements
June 30, 2019

Note 7 – Pension Plan (continued)

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
Discount Rates	6.275%	7.275%	8.275%
Net Pension Liability	\$559,950	\$426,668	\$313,367

Payables to the System

At June 30, 2019, the Town payables to the pension plan was \$3,917.

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana audit report at www.mersla.com.

Note 8 – On-behalf Payments

Certain employees in the Town's police and fire departments receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$35,583. The related expenditures of \$35,583 are included in public safety expenditures in the General Fund.

Note 9 - Commitments and Contingencies

The Town operates water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Town is required to have EPA permits for wastewater. The Town relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies. The Town contracts with a professional wastewater management company to ensure compliance with the EPA regulations.

On March 17, 2016, the Board approved a cooperative endeavor agreement with the East Carroll Parish Police Jury which provides for cooperation relative to cleaning up debris, trash, limbs, roads, condemned property, and other ruins in the Town and relative to the maintenance of roads, ditches and drainage within the Town.

Note 10 - Risk Management

The Town is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Notes to Basic Financial Statements June 30, 2019

Note 11 – Going Concern and Plan of Action

During the year ended June 30, 2019, the General Fund's expenditures exceeded its revenues by \$259,239 or 27%. The Town transferred \$282,318 from the Town's Utility Fund to supplement the General Fund. Utility Fund revenues, while not restricted by law, should be retained by the Utility Fund to provide for repairs and maintenance and upgrades to the utility systems' infrastructure and equipment. That transfer represents 23% of total General Fund expenditures, 23% of Utility Fund revenues, and 22% of Utility Fund expenditures. General Fund expenditures should be financed by unrestricted funds intended for the functions accounted for in the General Fund. Budgeted expenditures in the General Fund should be limited to expected revenues and other sources.

The General Fund's equity balances on June 30, 2019 and 2018 were \$615,917 and \$611,038, respectively. If revenues and expenditures remained the same for 2019-2020, 2020-2021, and 2021-2022 as they were in 2018-2019 and were not financed in part by the Utility Fund, the financial statements would present fund balances of \$356,678 and \$97,439 in 2020 and 2021, respectively, and a fund deficit of \$161,800 in 2022.

During the past five years, the Town has transferred \$1,633,318 from the Utility Fund to the General Fund. During the past ten years, transfers totaled \$3,072,685. As a result of the transfers, as of June 30, 2019, the Utility Fund has an unrestricted deficit net position of \$68,127. This means that the equity position that the Town could use to fund operations and future costs is in a negative position. If the transfers continue, the deficit will likely grow and reach a point where the Utility Fund can no longer sustain the General Fund and utility systems. Further, if major repairs to the utility systems become necessary, the Town may not have funds available. As of June 30, 2019, the Utility Fund had only \$221,997 in cash that could be used to fund operations,

Management and the Board will explore options to increase revenues and decrease expenditures such as putting policies and procedures in place to collect ad valorem taxes and advertise for sale of properties related to unpaid taxes. The town is seeking ways to create a revenue stream for managing the costs associated with the reducing the level of service provided by the police and fire departments. Additionally, Management and the Board are still dealing with COVID-19 and its effect on the Town's economy and operations.

Note 12 – Subsequent Events

Management evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through February 8, 2021 the date which the financial statements were available to be issued and determined the following subsequent event requires disclosure.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Town's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LAKE PROVIDENCE, LOUISIANA

**General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 569,400	\$ 518,760	\$ 577,205	\$ 58,445
Licenses, permits and commissions	91,900	125,949	123,177	(2,772)
Fines and forfeitures	360,000	169,000	171,407	2,407
Intergovernmental	-	-	52,322	52,322
Charges for services	-	-	2,587	2,587
Lease Income	-	-	15,519	15,519
Interest earned	500	979	2,130	1,151
Other revenues	<u>124,012</u>	<u>91,024</u>	<u>33,723</u>	<u>(57,301)</u>
Total Revenues	<u>1,145,812</u>	<u>905,712</u>	<u>978,070</u>	<u>72,358</u>
Expenditures				
General government	342,655	344,036	326,677	17,359
Public safety	521,840	610,474	616,149	(5,675)
Highway and streets	265,835	238,396	249,987	(11,591)
Culture and recreations	175	119	70	49
Community Center	56,000	24,682	25,938	(1,256)
Debt Services	<u>18,488</u>	<u>18,488</u>	<u>18,488</u>	<u>-</u>
Total Expenditures	<u>1,204,993</u>	<u>1,236,195</u>	<u>1,237,309</u>	<u>(1,114)</u>
Excess of Revenues over Expenditures	(59,181)	(330,483)	(259,239)	71,244
Other Financing Sources (Uses)				
Transfers In	<u>170,000</u>	<u>340,100</u>	<u>264,118</u>	<u>(75,982)</u>
Net Change in Fund Balance	110,819	9,617	4,879	(4,738)
Budgetary Fund Balances, Beginning	<u>585,454</u>	<u>585,454</u>	<u>611,038</u>	<u>25,584</u>
Budgetary Fund Balances, Ending	<u>\$ 696,273</u>	<u>\$ 595,071</u>	<u>\$ 615,917</u>	<u>\$ 20,846</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Schedule of Employer's Proportionate Share of Net Position Liability
Municipal Employees' Retirement System
For the Year Ended June 30, 2019**

	2019*	2018*	2017*	2016*	2015*
Employer's proportion of the net pension liability	0.504436%	0.515774%	0.539005%	0.576966%	0.622103%
Employer's proportionate share of the net pension liability	\$ 426,668	\$ 446,265	\$ 446,786	\$ 392,133	\$ 292,075
Employer's covered employee payroll	\$ 374,847	\$ 382,990	\$ 396,007	\$ 400,327	\$ 427,403
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	113.82%	116.52%	112.82%	97.95%	68.34%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	63.49%	63.34%	66.18%	73.99%

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

*The amounts presented have measurement date of the previous fiscal year end.

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Schedule of Employer's Contributions
Municipal Employee's Retirement System
For the Year Ended June 30, 2019**

	2019*	2018*	2017*	2016*	2015*
Contractually required contribution	\$ 45,195	\$ 49,771	\$ 42,129	\$ 37,621	\$ 38,032
Contributions in relation to contractually required contribution	<u>45,195</u>	<u>(49,771)</u>	<u>(42,129)</u>	<u>(37,621)</u>	<u>(38,032)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 332,013	\$ 374,847	\$ 382,990	\$ 396,007	\$ 400,327
Contributions as a percentage of covered employee payroll	13.61%	13.28%	11.00%	9.50%	9.50%

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

Other Supplementary Schedules

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2019**

Agency Head Name: Robert Amacker, Jr., Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 24,726
Benefits - Retirement	<u>3,462</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 28,188</u>

Agency Head Name: Jerry Bell, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 21,859
Benefits - Retirement	<u>3,060</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 24,919</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Schedule of Compensation Paid to Aldermen
For the Year Ended June 30, 2019**

<u>Council Members:</u>	<u>Amount</u>
Nathaniel Madere, Mayor Pro-tem	10,800
Jason Condrey	9,600
Barbara McDaniel	9,600
Karl Magee	9,600
Donald B. Meadows	<u>9,600</u>
 Total Council Members' Compensation	 <u>\$ 49,200</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Schedule of Aldermen
For the Year Ended June 30, 2019**

Name	Address	Phone
Jason Condrey	468 N. Hood St., Lake Providence, LA 71254	318-282-8957
Barbara McDaniel	269 Keene St., Lake Providence, LA 71254	318-418-1870
Nathaniel Madere, Mayor Pro-temp	503 Charles Jones Blvd., Lake Providence, LA 71254	318-282-8561
Karl Magee	310 Davis St., Lake Providence, LA 71245	318-282-1373
Donald B. Meadows	1604 Lake St., Lake Providence, LA 71245	318-282-8847

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Schedule of Count of Utility Customers
For the Year Ended June 30, 2019**

Category	Average Number of Customers
Commercial	116
Residential	1,598
Total	1,714

TOWN OF LAKE PROVIDENCE, LOUISIANA

**Schedule of Utility Activities
For the Year Ended June 30, 2019**

	<u>G&A</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Street Lighting</u>	<u>Total</u>
Operating Revenues						
Charges for Services	\$ 56,393	\$ 591,507	\$ 328,778	\$ 186,368	\$ 64,314	\$ 1,227,360
Other revenues	<u>23,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,862</u>
Total operating revenues	<u>80,255</u>	<u>591,507</u>	<u>328,778</u>	<u>186,368</u>	<u>64,314</u>	<u>1,251,222</u>
Operating Expenses						
Salaries and benefits	74,743	75,253	59,411	60,162	-	269,569
Materials and supplies	2,529	66,382	37,910	2,271	-	109,092
Operating costs	86,057	82,001	114,544	49,207	70,939	402,748
Professional services	23,857	72,000	72,000	-	-	167,857
Depreciation	<u>-</u>	<u>225,922</u>	<u>114,123</u>	<u>-</u>	<u>-</u>	<u>340,045</u>
Total operating expense	<u>187,186</u>	<u>521,558</u>	<u>397,988</u>	<u>111,640</u>	<u>70,939</u>	<u>1,289,311</u>
Operating income (loss)	<u>(106,931)</u>	<u>69,949</u>	<u>(69,210)</u>	<u>74,728</u>	<u>(6,625)</u>	<u>(38,089)</u>
Nonoperating revenues (expenses)						
Sales and use	251,101	-	-	-	-	251,101
Interest earned	859	-	-	-	-	859
Interest and others	<u>(112,368)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,368)</u>
Total nonoperating revenue (expenses)	<u>139,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,592</u>
Income (loss) before transfers	32,661	69,949	(69,210)	74,728	(6,625)	101,503
Operating transfers in (out)	<u>(307,468)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(307,468)</u>
Change in net position	<u>\$ (274,807)</u>	<u>\$ 69,949</u>	<u>\$ (69,210)</u>	<u>\$ 74,728</u>	<u>\$ (6,625)</u>	<u>\$ (205,965)</u>

Note: This schedule is prepared to satisfy a requirement by USDA that activities be accounted for separately. Some line items such as interest and transfers out cannot be absolutely attributed to a particular activity(s). This breakdown is an estimate.



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

To the Honorable Jerry Bell, Mayor,
and Members of the Board of Aldermen
Town of Lake Providence, State of Louisiana

We were engaged to audit, 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, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Lake Providence, Louisiana (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 8, 2021. Our report disclaims an opinion on the financial statements. The basis for the disclaimer of opinions is twofold. First, since the fiscal year encompasses two administrations, we would not expect to receive the current mayor's signature on the management representation letter that is required for us to be able to issue unmodified opinions. Secondly, due to the nature of the findings, in our professional judgment, we cannot accept management's representation letter.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 through 2019-004 and 2019-006 through 2019-008, that we consider to be material weaknesses.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Town, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement to audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-004, 2019-005, 2019-006, 2019-008, and 2019-009. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

TOWN OF LAKE PROVIDENCE
Lake Providence, Louisiana
Independent Auditor's Report – GAGAS
For the Year Ended June 30, 2019

Town of Lake Providence's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC



Ruston, Louisiana
February 8, 2021

TOWN OF LAKE PROVIDENCE

Lake Providence, Louisiana

Schedule of Findings and Responses

For the Year Ended June 30, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report disclaims opinions on the Town of Lake Providence's (the Town) financial statements as a whole. Opinion units include the Governmental Activities, the Business-type Activities, the General Fund, the Capital Projects Fund, and the Utility Fund.
2. Seven material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. Five instances of noncompliance material to the financial statements of the Town, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued.

A. FINDINGS—FINANCIAL STATEMENT AUDIT

2019-001 Doubt About Going Concern

Type

Material Weakness

First Reported

2018

Condition

During the year ended June 30, 2019, the General Fund's expenditures exceeded its revenues by \$259,239 or 27%. The Town transferred \$282,318 from the Town's Utility Fund to supplement the General Fund. Utility Fund revenues, while not restricted by law, should be retained by the Utility Fund to provide for repairs and maintenance and upgrades to the utility systems' infrastructure and equipment. That transfer represents 23% of total General Fund expenditures, 23% of Utility Fund revenues, and 22% of Utility Fund expenditures. General Fund expenditures should be financed by unrestricted funds intended for the functions accounted for in the General Fund. Budgeted expenditures in the General Fund should be limited to expected revenues and other sources.

The General Fund's equity balances at June 30, 2019 and 2018 were \$615,917 and \$611,038, respectively. If revenues and expenditures remained the same for 2019-2020, 2020-2021, and 2021-2022 as they were in 2018-2019 and were not financed in part by the Utility Fund, the financial statements would present fund balances of \$356,678 and \$97,439 in 2020 and 2021, respectively, and a fund deficit of \$161,800 in 2022.

During the past five years, the Town has transferred \$1,633,318 from the Utility Fund to the General Fund. During the past ten years, transfers totaled \$3,072,685. As a result of the transfers, as of June 30, 2019, the Utility Fund has an unrestricted deficit net position of \$68,127. This means that the equity position that the Town could use to fund operations and future costs is in a negative position. If the transfers continue, the deficit will likely grow and reach a point where the Utility Fund can no longer sustain the General Fund and utility systems. Further, if major repairs to the utility systems become necessary, the Town may not have funds available. As of June 30, 2019, the Utility Fund had only \$221,997 in cash that could be used to fund operations, including such repairs.

Criteria

Financial statements are prepared on the assumption that the Town will continue to be able to operate and meet its obligations in a timely manner. Operating at a deficit, failing to meet obligations when they are due, and using funds intended for other activities or functions are indicators that there is some doubt as to whether the Town can continue as a going concern.

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In Louisiana, laws and regulations are designed to encourage local government entities to operate and manage utility systems (water and sewer) as business-type activities where the users of the systems pay the cost of their usage. Costs of the system include current year operating costs as well as future repairs, maintenance, and upgrades to infrastructure and equipment.

Cause

Although the prior administration raised concerns about the practice of using Utility Fund transfers to supplement the General Fund in lieu of raising revenues or reducing expenditures, the Town continues to transfer funds from the Utility Fund to supplement the General Fund.

Effect

The Town may not be able to sustain the service level currently provided in the General Fund financed by Utility Fund transfers. The Utility Fund may not be able to transfer funds to the General Fund in the future and/or may not be able to fund repairs and maintenance or upgrades to utility systems and equipment.

Recommendation

We recommend that management and the Board explore options for increasing revenues and decreasing expenditures in the General Fund. Such options may include asking the taxpayers for ad valorem or sales taxes to support the police department, fire department, street department, or general purposes and/or reducing the level of service in the police or fire departments.

Management's Response

See management's corrective action plan.

2019-002 Errors in Payroll and Leave Records

Type

Material Weakness

First Reported

2018

Condition

In 2018, we reported the following:

"Vacation leave and sick leave records are maintained within the Town's accounting software. However, because the software does not properly report sick leave balances, the Mayor has maintained a spreadsheet to record sick leave accrued and used by employees.

During testing of payroll transactions, we attempted to trace accrued vacation and sick leave used per attendance records to leave records. We requested a historical report from the accounting system that included beginning balances, hours earned, hours used, and ending balances. It appears that the report produced from the software sometimes does not include beginning balances for sick leave and is not accurate mathematically for sick leave. The spreadsheet maintained by the Mayor to track sick leave appears to provide an accurate record for sick leave.

The accounting system report for vacation leave appears to accurately maintain leave balances for vacation leave. However, we noted that employees were allowed to take time off with pay even though their leave records indicated that they did not have time accrued and available. Through discussion with the Town Clerk, we learned that the accounting system for tracking vacation leave was not set up to accrue on the hire date. The system does not begin accruing vacation leave until an employee completes his or her six-month probationary period. Therefore, the vacation time earned from the hire date to the end of the probationary period is not included in the employees' balance in the reports generated by the accounting system for vacation leave. A manual calculation must be made by the Town Clerk to determine the employees' actual vacation leave balance available at any given time."

TOWN OF LAKE PROVIDENCE

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Schedule of Findings and Responses

For the Year Ended June 30, 2019

During the fiscal year 2018-2019 audit, we selected an April 2019 pay period for testing. That period was under the current administration. We noted the following:

1. The pay rates for 5 out of 13 paychecks did not match the documentation of the authorized pay rates.
2. There were no attendance records for 2 out of 13 paychecks. Those employees are salaried employees. It is the auditor's opinion, based on best practices documented by the Louisiana Legislative Auditor's, that salaried employees should document their attendance to provide an audit trail that indicates they were not paid for time not worked. Salaries are based on certain expectations of performance that generally include required minimum work hours.
3. There was no documentation of a supervisor's approval of attendance records for 2 out of 11 paychecks.
4. There was no documentation of a supervisor's approval for the only employee in our sample that used leave during this period.
5. There was no documentation of a supervisor's approval for overtime for 3 employees that were paid for overtime during the test period.
6. We did not receive evidence of a leave record for 1 out of 12 employees paid in the test period.
7. We did not receive evidence of accurate posting of leave earned or used for 3 out of 11 employees paid during the test period.

Criteria

Generally accepted internal control includes designing and implementing procedures to ensure that paychecks, payroll records, including employee leave records, and reports are accurate.

Cause

The errors may have been caused by transition to a new administration during the audit period and failure to implement corrective action plan from the prior audit finding.

Effect

We identified the following possible effects:

1. Employees could receive pay for time they have not worked.
2. Employees could receive pay for time off they have not earned.
3. Employees could be underpaid due to errors in pay rates or leave records.

Recommendation

We make the following recommendations:

1. Consult the software company for an explanation and solution for the errors in the sick leave reports.
2. Evaluate policies and procedures for all aspects of payroll processing including documentation of authorized pay rates, attendance, review and approval of attendance and leave records, proper authorization of leave.
3. Include in the written payroll processing policy and the written job descriptions information to document who maintains vacation and sick leave records using what tool and in what format.
4. Make the leave records consistent with the written policy.
5. Begin tracking the accrued vacation and sick leave on the hire date even if the employee is not allowed to use the accrued balance until after the probationary period.

Management's Response

See management's corrective action plan.

TOWN OF LAKE PROVIDENCE
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 Schedule of Findings and Responses
 For the Year Ended June 30, 2019

2019-003 Unadjusted Audit Differences

Type

Material Weakness

First Reported

2019

Condition

We identified 7 audit differences that were not adjusted and summarized the effects (over (under) statements) on the financial statements as follows:

	Assets	Liabilities	Beginning Equity	Net Change/ Ending Equity
General Fund	(\$17,637)	(\$13,832)	-	\$1,915
Utility Fund (Business-type Activities)	\$158,713	\$5,686	(\$13,368)	\$166,395
Governmental Activities	(\$10,740)	(\$33,436)	\$13,368	\$17,102

We did not receive evidence to support two certificates of deposit totaling \$120,415. Therefore, the summary above includes the effects of reversal of those assets in the Utility Fund.

Criteria

Generally accepted accounting principles determine what amounts should be reported in the financial statements.

Cause

The errors may have been caused by transition to a new administration during the audit period. Also see finding 2019-007.

Effect

See the summary under “Condition”.

Recommendation

We recommend that management evaluate personnel/contracted services and policies and procedures with the objective of making adjustments to ensure that books and records are maintained to enable fairly stated financial statements to be prepared in a timely manner.

Management’s Response

See management’s corrective action plan.

2019-004 Noncompliance with Budget Act

Type

Material Weakness, Noncompliance

First Reported

2019

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For the Year Ended June 30, 2019

Condition

We were presented with budgets for the fiscal year ended June 30, 2019. However, we were unable to inspect evidence that the budget for the fiscal year ended June 30, 2019 was prepared, advertised, and adopted in compliance with the Louisiana Local Government Budget Act.

Criteria

The Louisiana Local Government Budget Act includes specific requirements for preparing, presenting, advertising, and adopting the Town's budgets.

Cause

There appear to have been some differences of opinion between the Mayor and the Board. Also see finding 2019-007.

Effect

The Town may not have complied with the Budget Act. The budget presented in the financial statements, may not have been approved by the Board. The Finance Committee did not approve financial reports submitted by the current administration.

Recommendation

We recommend that management comply with all requirements of the Budget Act and ensure that official copies of all documents are properly retained.

Management's Response

See management's corrective action plan.

2019-005 Late Submission of Audit Report to LLA

Type

Noncompliance

First Reported

2019

Condition

The Town's audit report was not submitted by December 31, 2019.

Criteria

The Louisiana Audit Law requires reports to be submitted within six months of year end.

Cause

See finding 2019-007

Effect

The Town has not complied with state law and is ineligible for state funds. Timely accurate financial information has not been available for the Board's review.

Recommendation

See recommendation in finding 2019-007.

Management's Response

See management's corrective action plan.

2019-006 Minutes of Board Meetings Incomplete

Type

Noncompliance

First Reported

2019

Condition

We did not identify any issues in the minutes for the period that ended December 31, 2018. The current administration took office January 1, 2019. We noted the following issues in/with minutes submitted for audit for the period of January 2019 through April 2020:

- Minutes were not included for multiple meeting dates
- Referenced attachments were not included
- Indications that the Finance Committee was not receiving timely or accurate information
- Budget discussions were not included
- Undated documents were included in document submitted as minutes
- Errors in dating minutes
- Statutes not followed for adopting ordinances

Criteria

Best practices and the Louisiana Open Meetings Law require that minutes include certain actions and attachments and that all meetings are documented in minutes. The Louisiana Audit Law requires all records to be submitted to the auditor when requested.

Cause

There appears to have been difficulty in the transition to the new administration.

Effect

The Town may not have complied with state law. The official minute book may be inaccurate and incomplete.

Recommendation

We recommend that management ensure that the Town Clerk is trained in her statutory duties including recording meetings and maintaining and retaining Town records including the official minute and ordinance books.

Management's Response

See management's corrective action plan.

2019-007 Difficulty Completing Audit

Type

Material Weakness

First Reported

2019

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For the Year Ended June 30, 2019

Condition

We encountered difficulties in obtaining data and access to current management and personnel to begin the audit. We were told that the accounting software crashed causing a need for the books to be recreated. One accounting firm declined to assist the Town. Another firm began the project but withdrew after a period of time. A third firm was contracted in the Spring of 2020 (after the December 2019 report due date) to complete the project. We received three drafts of the financial statements in April 2020, December 2020, and February 2021. We requested revisions after each of the first two drafts.

Criteria

Best practices require that books be properly and timely recorded and reconciled. Financial statements and underlying records should be ready for audit during the quarter after year end. The Louisiana Audit Law requires the report to be submitted within six months of fiscal year end. The Audit Law further requires the Town to respond to auditors as they would to the Legislative Auditor. Records should be readily available.

Cause

There appears to have been difficulty in the transition to the new administration.

Effect

The Town did not comply with the Audit Law. The described condition affected the auditor’s ability to complete the audit and rely on management’s representations.

Recommendation

We recommend the following:

- Current management should ensure that personnel are properly trained for their duties.
- Current management should ensure that books are recorded and reconciled within a reasonable time after year end. Ideally, this would be completed by July 31st each year.
- Current management should ensure that financial statements and data requested by the auditor are submitted to the auditor during July or August of each year.

Management’s Response

See management’s corrective action plan.

2019-008 Differences between Ad Valorem Tax Revenue per the Tax Roll and the Financial Statements

Type

Noncompliance

First Reported

2019

Condition

We noted the following differences:

	General	Fire	Police	Total
Per grand recap of 2018 tax roll	\$152,160	\$43,135	\$34,534	\$229,829
Per trial balance	\$157,236	\$31,812	\$25,498	\$214,546
Difference	\$5,076	(\$11,323)	(\$9,036)	(\$15,283)

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Criteria

Tax revenue must be spent in accordance with the proposition that voters approved. Therefore, the revenue must be recorded in a way that provides evidence that the revenues were properly spent.

Cause

See other findings.

Effect

Revenue may not have been properly reported or expended.

Recommendation

See recommendations in other findings.

Management's Response

See management's corrective action plan.

2019-009 Payroll Taxes Remitted Late

Type

Material Weakness and Noncompliance

First Reported

2019

Condition

Payroll taxes withheld and the related employer match for the quarter ended June 30, 2019, were not remitted until July 2019. Of the total liability of \$37,495, \$16,175 was not included in liabilities as of June 30, 2019.

Criteria

Federal regulations require the Town to remit payroll taxes biweekly. Generally accepted accounting standards require that the employer and employee portions of payroll taxes be accrued in liabilities and expenditures (employer's portion) in financial statements.

Cause

See other findings.

Effect

The Town was not in compliance with federal regulations. Financial statements were not fairly stated with respect to payroll liabilities and expenditures.

Recommendation

See recommendations in other findings.

Management's Response

See management's corrective action plan.

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Schedule of Findings and Responses

For the Year Ended June 30, 2019

B. SUMMARY OF PRIOR YEAR FINDINGS

2018-001 Police Department Evidence Room

This finding was resolved.

2018-002 Doubt about Going Concern

This finding is repeated in finding 2019-001.

2018-003 Possible Theft of Traffic Ticket Receipts

This finding was resolved.

2018-004 Errors in Accounting Software Leave Records

This finding is repeated in finding 2019-002.



Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Town of Lake Providence
and the Louisiana Legislative Auditor

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

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

We completed the agreed-upon procedures but did not accept a representation letter from current management. We were also engaged to conduct an audit of the Entity's financial statements as of and for the year ended June 30, 2019. The first half of the fiscal period was under the former administration. The second half of the fiscal period was under the current administration. Also, due to the nature of the findings in the audit schedule of findings and responses, we could not, in our professional opinion, accept current management's representation for the agreed-upon procedures.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

We obtained and inspected the written policies and procedures.

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

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted.

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- 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 policy did not include management's actions to determine completeness.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

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

No exceptions noted.

- 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 policy did not include (2) standard terms and conditions.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- 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 policy did not include (1) how cards are to be controlled, (4) required approvers of statements, or (5) monitoring card usage.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

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

No exceptions noted.

- 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. Note: Ethics requirements are not applicable to nonprofits.

The policy did not include the required elements.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

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

No such policy exists.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

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

No such policy exists.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

Board (or Finance Committee, if applicable)

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:

We obtained and inspected the board's minutes. Management did not provide the finance committee meetings.

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

We observed the board met at least monthly.

Exceptions: None.

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

We observed the minutes did not include budget-to-actuals or other financial statements for three of the regular meetings.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

**Town of Lake Providence
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- 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.

We obtained the prior year report and noted a positive unassigned fund balance in the general fund.

Exceptions: None.

Bank Reconciliations

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

We obtained a listing of bank accounts for the fiscal period from management. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts. We randomly selected one month from the fiscal period and obtained and inspected the corresponding bank statement and reconciliation for selected each account.

Exceptions: None

- 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).

The bank reconciliations do not include evidence that they were prepared within two months of the related statement closing date.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- 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

The bank reconciliations do not include evidence that they were reviewed.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- 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.

There were no reconciling items outstanding for more than 12 months.

Exceptions: None

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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).

We obtained a listing of deposit sites for the fiscal period. There was one deposit site listed.

Exceptions: None

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:

There is only one site and one collection location. We obtained and inspected written policies and procedures relating to employee job duties.

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

There are two cashiers at Town Hall. The cashiers are the only employees that collect cash. They maintain separate cash drawers.

Exceptions: None

- 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.

Deposits are prepared by the billing clerk and are taken to the bank by a department head or police officer. The department head or police officer that delivers the deposit to the bank is required to sign a book acknowledging they took possession of the deposit.

Exceptions: None

- 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.

Entries to the general ledger are posted by the Town Clerk or the Mayor. No employee responsible for collecting cash is responsible for posting collection entries.

Exceptions: None

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

The general ledger is reconciled by the Town Clerk or the Mayor, therefore no employee responsible for collecting cash is responsible for reconciling cash collections.

Exceptions: None

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

Both cashiers are bonded.

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 five bank accounts selected for procedure three. We requested supporting documentation for each of the ten deposits. However, we were only provided deposit slips as backup and were unable to properly test eight of the ten deposits.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

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

See 7 above.

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

See 7 above.

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

We noted no exceptions.

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

See 7 above.

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

We noted six of ten deposits agreed to the GL. We were unable to verify whether the other four deposits agreed, as deposits are posted in batches and we were not provided the daily settlement sheets to determine the total of the deposit posted for those days.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

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).

We obtained a listing of locations that process payments for the fiscal period. There was one location listed.

Exceptions: None

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:

For the location selected, we obtained a listing of employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures related to employee job duties to determine how duties are segregated.

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

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

Exceptions: None

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

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

Exceptions: None

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

The employee responsible for processing payments is prohibited from adding/modifying vendor files.

Exceptions: None

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

The Accounts Payable clerk prepares checks and mails them. Two different employees or officials sign the checks and return the checks to the Accounts Payable clerk for mailing.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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:

For the location selected, we obtained the entity's non-payroll disbursement transaction population. We randomly selected 5 disbursements for each location and requested the disbursement documentation from management.

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

We were not provided documentation for three of the five disbursements selected. Two of the disbursements selected agreed to the original invoice.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

One disbursement included documentation of segregation of duties, one disbursement was a lease paid every month and therefore this procedure was not applicable. We were not provided documentation for the other three disbursements selected.

Exceptions: See above.

Management's Response: See management's corrective action plan.

**Town of Lake Providence
Lake Providence, Louisiana
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Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Management asserts that the Town has no cards.

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:

Not applicable.

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

Not applicable.

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

Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:

Not applicable.

- (1) An original itemized receipt that identifies precisely what was purchased,

Not applicable.

- (2) Written documentation of the business/public purpose, and

Not applicable.

- (3) Documentation of the individuals participating in meals (for meal charges only).

Not applicable.

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.

Not applicable.

Travel and Travel-Related Expense Reimbursement (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:

We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period. We randomly selected five reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation.

Exceptions: None

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

This step is not applicable.

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

We noted two of five reimbursements were not supported by original itemized receipts.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

We noted no exceptions.

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

We noted one reimbursement was not reviewed and approved by someone other than the person receiving reimbursement.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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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 requested a list of all agreements/contracts that were initiated or renewed during the fiscal period. Management asserts there were no contracts initiated or renewed during the fiscal period.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

Payroll and Personnel

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

We obtained a listing of employees/elected officials employed during the fiscal period. We randomly selected five employees/officials. Two of the employees selected for testing were not employed during the testing period. We noted no exceptions in relation to paid rates for the other three employees.

Exceptions: None

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 one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period.

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

We noted one of the five employees did not document daily attendance.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

We noted no exceptions.

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

We noted no exceptions.

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

We obtained a listing of those employees/officials that received a termination payment during the year. We selected two employees and obtained the related documentation. We could not agree the hours paid to the cumulative leave records for one of the employees tested. The second employee selected does not appear to have an actual termination payment but instead appears to have been paid for actual time worked and taken.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan.

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

We obtained the representations.

Exceptions: None

Ethics

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

Using the selected employees/officials, we obtained the ethics documentation from management.

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

We observed two of the five employees did not have ethics training within the fiscal period.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

We did not observe documentation demonstrating the employees/elected officials had read the policy.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Debt Service

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

Management listed no new debt issued during the fiscal period.

Exceptions: None.

**Town of Lake Providence
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June 30, 2019**

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

We obtained a listing of bonds/notes outstanding at the end of the fiscal period. We selected one bond and obtained the related documentation. We noted two accounts were under-funded.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Other

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

Management listed no misappropriations.

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

It appears the Town no longer has a website. We were unable to observe the posted notice.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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

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

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
February 8, 2021

Town of Lake Providence

201 Sparrow Street
Phone: 318-559-2288

Lake Providence, LA 71254
Fax: 318-559-3442

"People Improving Communities"

*Jerry Bell, Mayor
Charlotte Swift, City Clerk*

Aldermen
*Jason Condrey
Sucletter Crye
Karl Magee
Donnie Meadows
Patricia Roberson*

Bosch & Statham, LLC
Attn: Mr. Michael Statham
609 North Trenton Street,
Ruston, Louisiana 71270

RE: Management's Response to Audit, Fiscal Year: 2019

Dear Mr. Statham,

Enclosed are our Management Responses that were requested by you.

2019-001 Doubt About Going Concern

Response and Corrective Action Plan: Management and the Board will explore options to increase revenues and decrease expenditures such as putting policies and procedures in place to collect ad valorem taxes and advertise for sale of properties related to unpaid taxes. The town is seeking ways to create a revenue stream for managing the costs associated with the reducing the level of service provided by the police and fire departments. Additionally, we are still dealing with COVID-19 and it's effect on the Town's economy and operations.

Responsible parties: Mayor and Board of Alderman

Estimate date of completion:

2019-002 Errors in Payroll and Leave Records

Response and Corrective Action Plan: Clerk will consult with the software vender to rectify the errors identified in the software regarding sick leave reporting, specifically where tracking is visible from date of hire on accrued vacation/sick leave from start date to the end of probationary period. The Mayor and Clerk will evaluate policies and procedures to include all aspects of payroll (i.e. authorized pay, rates, attendance, reviews/evaluations, approval of attendance, leave records, and authorization of leaves. Revised policies will also include new form designed to track all vacations and leaves (i.e., FMLA, Bereavement, and vacation/sick leave).

Responsible parties: Mayor and Town Clerk

Estimate date of completion: June 01, 2021

2019-003 Unadjusted Audit Differences

Response and Corrective Action Plan: We are making every effort to ensure that all coding and entries are done correctly. The clerk is will work with external CPA to ensure financial statements are presented in a timely manner and fairly stated.

Responsible parties: Mayor and Clerk

Estimated date of completion: June 01, 2021

2019-004 Noncompliance with Budget Act

Response and Corrective Action Plan: The Mayor and Board will exercise due diligence in making sure that Town is in compliance with RS 39:1305 - Louisiana State Legislature Budget Act. In accordance with the requirements, we will ensure that: an official copy of all documents are properly retained in all future budgets. The Town will strive to make sure all guidelines are followed with respect to budgeting and that all requirements are fulfilled.

Responsible parties: Mayor and Board of Alderman

Estimated date of completion: June 01, 2021

2019-005 Late Submission of Audit Report to LLA

Response and Corrective Action Plan: The Town of Lake Providence will submit to the Louisiana Legislative Auditor their annual financial report on or before the due date of December 31st of each year.

Responsible parties: Mayor and Board of Alderman

Estimated date of completion: December 31, 2021

2019-006 Minutes of Board Meetings Incomplete

Response and Corrective Action Plan: The Town intends to comply with the Louisiana Open Meeting Laws and follow the them in accordance with the Lawrson Act. Town clerk will publish minutes for all meetings and will assure that the minutes for all meeting will be published in a timely manner in accordance with Louisiana Open Meetings Law.

Responsible parties: Mayor and Town Clerk

Estimated date of completion: May 01, 2021

2019-007 Difficulty Completing Audit

Response and Corrective Action Plan: The Town has initiated an administrative personnel cross training session which involves cross training administrative staff. The Clerk and Assistant Clerk will be properly trained to record and reconcile bank statements upon receipt of statements from the bank. Staff have been instructed to respond timely to request by auditors.

Responsible parties: Mayor and Board of Alderman

Estimated date of completion: June 01, 2021

2019-008 Differences between Ad Valorem Tax Revenue per the Tax Roll and the Financial

Response and Corrective Action Plan: The Clerk will ensure proper recording of Ad Valorem Tax Revenue per tax roll to the Town's accounting records.

Responsible parties: Mayor and Board of Alderman

Estimated date of completion: June 01, 2021

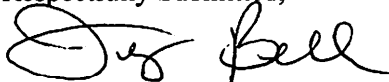
2019-009 Payroll Taxes Remitted Late

Response and Corrective Action: The Mayor and Clerk will ensure proper and timely remittance of tax deposits.

Responsible parties: Mayor and Board of Alderman

Estimated date of completion: July 30, 2021

Respectfully Submitted,



Jerry Bell- Mayor
Town of Lake Providence

Town of Lake Providence

201 Sparrow Street
Phone: 318-559-2288

Lake Providence, LA 71254
Fax: 318-559-3442

"People Improving Communities"

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Management Response Letter to Statewide Agreed Upon Procedures Findings

Please see responses/corrective action below related to the exceptions on the Statewide Agree-Upon procedures reports.

Finding- 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 policy did not include management's actions to determine completeness.

Response/ Corrective Action: Town will update its policies and procedures to include completeness of all collections for each type of revenue or funds. We will be sure to that policies include guidelines to adhered to guidelines relative to reconciliation of traffic tickets, and all utilities.

Finding- 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 policy did not include (2) standard terms and conditions.

Response/Corrective Action: Town will update it's policies and procedures manual to include guidelines relative to contracting including all types of services provided to the Town. A written contract is required for outside services and will be added to the vendor list in the accounting system.

Finding- 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 policy did not include (1) how cards are to be controlled, (4) required approvers of statements, or (5) monitoring card usage.

Response/ Corrective Action: Town will update it's policies and procedures manual to include guidelines relative to credit cards (and debit cards, fuel, P-cards, if applicable), the usage of same cards, (i.e. only authorized persons will be allowed to use these card; Management will assign an employee (custodian) to prepare and maintain a master listing of cards. management will update its master listing for any changes throughout the year, including any changes in authorized card holders and card holder employment terminations.

Finding- 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. Note: Ethics requirements are not applicable to nonprofits.

The policy did not include the required elements.

Response/ Corrective Action: Town will update it's policies and procedures manual to include guidelines relative to Ethics. Requirements that all administrative officials, employees, and board members are required under the Louisiana Code of Government Ethics (Ethics Code) in its "code of conduct" policies for all officials and employees. The town of Lake Providence has will revise it's policy to include a requirement for one-hour of officially sanctioned ethics training each year, and should not conflict with any provisions of the Ethics Code.

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

Management's Response: See Management's Corrective Action Plan

Response/ Corrective Action: Town of Lake Providence will update it's policies and procedures to the entity must meet all debt reserve requirements, including establishing sinking fund accounts, reserve accounts, and/or contingency accounts, if required by the debt instrument. If the entity does not meet its debt reserve requirements, the chief executive must notify the SBC, in writing. A failure to meet debt reserve requirements would likely require a disclosure under Continuing Disclosure Requirements below, based on the terms of the debt instrument.

Finding- 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 tolls needed to recover operations after a critical event.

No such policy exists.

Response/ Corrective Action: Town will update it's policies and procedures manual to include guidelines relative to meet all debt reserve requirements, including establishing sinking fund accounts, reserve accounts, and/or contingency accounts.

Finding- Board (or Finance Committee, if applicable), 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:

We observed the minutes did not include budget-to-actuals or other financial statements for three of the regular meetings.

Response/ Corrective Action: Town will update its policies and procedures manual to include guidelines relative to meet all board and committee processes including but not limited to monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements for major proprietary funds.

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

We obtained a listing of bank accounts for the fiscal period from management. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts.

We randomly selected one month from the fiscal period and obtained and inspected the corresponding bank statement and reconciliation for selected each account.

Exceptions: None

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

The bank reconciliations do not include evidence that they were prepared within two months of the related statement closing date.

Response/ Corrective Action: Management will complete bank reconciliations within 2 months of the related statements closing date and completed timely.

Finding- 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

The bank reconciliations do not include evidence that they were reviewed.

Response/ Corrective Action: Along with the Mayor, a member of management (i.e., a board member), who is not an authorized signer on the bank accounts, will review bank reconciliations, date, and initial statements.

Finding-Collections: 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 five bank accounts selected for procedure three.

We requested supporting documentation for each of the ten deposits.

However, we were only provided deposit slips as backup and were unable to properly test eight of the ten deposits.

Finding-Collections: Observe that receipts are sequentially pre-numbered.

See 7 above.

Collections (7a)

Response/ Corrective Action: The clerk and assistant clerk will ensure that receipts are sequentially pre-numbered.

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

See 7 above.

Collections (7b)

Response/ Corrective Action: The clerk and assistant clerk will ensure that receipts, system reports, and deposit slips are all related during the collection process.

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

See 7 above.

Collections (7d)

Response/ Corrective Action: The clerk and assistant clerk will ensure that all deposits are made within one business day of receipt at the collection site and/or within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100.

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

We noted six of ten deposits agreed to the GL. We were unable to verify whether the other four deposits agreed, as deposits are posted in batches and we were not provided the daily settlement sheets to determine the total of the deposit posted for those days.

Response/ Corrective Action: The clerk and assistant clerk will ensure that the deposits will agree to journal entries on the general ledger.

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

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

The Accounts Payable clerk prepares checks and mails them. Two different employees or officials sign the checks and return the checks to the Accounts Payable clerk for mailing.

Response/ Corrective Action: The Town has re-assigned job duties going forward wherein the assistant clerk will mail out checks for payment after being processed. Due to the municipalities size, segregated job duties aren't always possible.

Finding- Non-payroll Disbursements (excluding and purchase/payments, travel reimbursements, and petty cash purchases) (10a). 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:

For the location selected, we obtained the entity's non-payroll disbursement transaction population. We randomly selected 5 disbursements for each location and requested the disbursement documentation from management.

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

We were not provided documentation for three of the five disbursements selected. Two of the disbursements selected agreed to the original invoice.

Response/ Corrective Action: The clerk and assistant clerk will ensure that all disbursements have appropriate documentation attached to them, specifically, matching invoices and billing statements to the check issued for payments.

Finding-Non-payroll Disbursements (excluding and purchase/payments, travel reimbursements, and petty cash purchases) b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

One disbursement included documentation of segregation of duties, one disbursement was a lease paid every month and therefore this procedure was not applicable. We were not provided documentation for the other three disbursements selected.

Response/ Corrective Action: The clerk and assistant clerk will ensure that all disbursements have appropriate documentation attached to them; specifically, matching invoices and billing statements will be attached to the check issued for payments.

Finding- Travel and Travel-Related Expense Reimbursement (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:

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

We noted two of five reimbursements were not supported by original itemized receipts.

Response/ Corrective Action: The clerk and assistant clerk will ensure that travel reimbursements are supported by an original itemized receipt that identifies what was purchased.

Finding- Travel and travel-Related Expense Reimbursement (excluding card transactions) d)
Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We noted one reimbursement was not reviewed and approved by someone other than the person receiving reimbursement.

Response/ Corrective Action: The Mayor and clerk will ensure that travel reimbursements are reviewed and approved in writing by someone other than the person receiving the reimbursement.

Finding- Travel and travel-Related Expense Reimbursement (excluding card transactions) 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

We obtained a listing of those employees/officials that received a termination payment during the year. We selected two employees and obtained the related documentation. We could not agree the hours paid to the cumulative leave records for one of the employees tested. The second employee selected does not appear to have an actual termination payment but instead appears to have been paid for actual time worked and taken.

Response/ Corrective Action: The Mayor and clerk will ensure that documentation of hours and related pay rate are calculated accurate and ensure that the hours agree with cumulate leave records.

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

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

Using the selected employees/officials, we obtained the ethics documentation from management.

We observed two of the five employees did not have ethics training within the fiscal period.

Response/ Corrective Action: Town will update it’s policies and procedures manual to include guidelines relative to Ethics. Requirements that all administrative officials, employees, and boards members are required under the Louisiana Code of Government Ethics (Ethics Code) in its “code of conduct” policies for all officials and employees. The Town of Lake Providence will revise it’s policy to include a requirement for one-hour of ethics training each year, and should not conflict with any provisions of the Ethics Code.

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

We did not observe documentation demonstrating the employees/elected officials had read the policy.

Response/ Corrective Action: Town will update it’s policies and procedures manual to include guidelines relative to Ethics. Requirements that all administrative officials, employees, and boards members are required under the Louisiana Code of Government Ethics (Ethics Code) in its “code of conduct” policies for all officials and employees. The town of Lake Providence will revise it’s policy to include a requirement for one-hour of ethics training each year, and should not conflict with any provisions of the Ethics Code.

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

balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

We obtained a listing of bonds/notes outstanding at the end of the fiscal period. We selected one bond and obtained the related documentation. We noted two accounts were under-funded.

Response/ Corrective Action: The Clerk will ensure that all accounts, (i.e., reserve acct. balances) have the appropriate amount of funds allocated for emergencies. The Town will ensure that all bond obligations are in good standing and reserve balances are current.

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

It appears the Town no longer has a website. We were unable to observe the posted notice.

Response/ Corrective Action: The Clerk will work with the web design company to ensure that the entity has on its premises and website, notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, and abuse or public funds.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Bell". The signature is fluid and cursive, with a large initial "J" and "B".

Jerry Bell- Mayor
Town of Lake Providence