

Financial Statements

Town of Lutcher

April 30, 2021



TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL STATEMENTS

APRIL 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutcher, Louisiana, (the Town) as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the schedule of the Town of Lutchter's proportionate share of the net pension liability for the retirement systems on page 46, the schedule of contributions to each retirement system (defined benefit cost sharing plans only) on page 47, the notes to required supplementary information on pages 48 through 49, and the budgetary comparison schedule on pages 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation, the insurance-in-force (without audit), and the public utility system operations (without audit) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, and the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare basic the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, and the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 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.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 22, 2021

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2021

This section of the annual financial report of the Town of Lutcher, Louisiana (the Town) presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2021. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,296,557 (net position). Of this amount, \$713,537 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's governmental activities expenses were \$501,138 less than the \$1,939,389 generated in charges for services, taxes, other revenue, and transfers. In the Town's business-type activities, expenses and transfers were \$65,953 more than the \$2,067,170 generated in revenues.
- The general fund reported a \$833,130 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2021

Figure A-1

Major Features of the Town's Government and Fund Financial Statements

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

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2021

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The Town has two kinds of funds:

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

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2021

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position increased between fiscal years ended April 30, 2020 and April 30, 2021 to \$5,296,557. (See Table A-1.)

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Current and other assets	\$ 889,184	\$ 1,102,636	\$ 1,280,089	\$ 1,230,892
Capital assets	1,782,707	1,085,846	3,107,627	3,178,700
Restricted assets	49,819	57,944	415,311	436,403
Total assets	2,721,710	2,246,426	4,803,027	4,845,995
Deferred outflows of resources	91,591	97,849	110,515	120,219
Total assets and deferred outflows of resources	2,813,301	2,344,275	4,913,542	4,966,214
Current liabilities	58,743	78,020	206,843	122,804
Long term liabilities	112,255	138,271	1,185,087	1,264,197
Net pension liability	372,223	357,776	465,932	448,679
Total liabilities	543,221	574,067	1,857,862	1,835,680
Deferred inflows of resources	17,987	19,253	11,216	20,117
Total liabilities and deferred inflows of resources	561,208	593,320	1,869,078	1,855,797
Net position				
Invested in capital assets, net of related debt	1,668,117	954,189	2,010,643	2,008,221
Restricted	607,048	557,944	297,212	328,729
Unrestricted	(23,072)	238,822	736,609	773,467
Total net position	\$ 2,252,093	\$ 1,750,955	\$ 3,044,464	\$ 3,110,417

Net position of the Town's governmental activities increased 28.6 percent to \$2,252,093. Net position of the Town's business-type activities decreased 2.1 percent to \$3,044,464.

Changes in net position. The Town's total revenues for the year ended April 30, 2021 decreased by \$116,877 to \$3,656,559. Approximately 59.9 percent of the Town's revenue is derived from charges for services, approximately 6.4 percent is derived from grants and contributions, and approximately 28.9 percent is derived from tax collections.

The Town's total expenses for the year ended April 30, 2021 increased by \$155,493 to \$3,221,374. Approximately 55.4 percent of the Town's expenses are the result of its business-type activities and 44.6 percent are the result of its governmental activities. (See Table A-2)

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2021

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

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Revenues				
Program revenues				
Charges for services	\$ 249,372	\$ 245,297	\$ 1,941,771	\$ 1,874,433
Operating grants and contributions	15,175	500,000	-	-
Capital grants and contributions	185,201	-	35,000	35,792
General revenues				
Taxes	856,782	731,962	90,399	59,108
Franchise taxes	107,936	104,408	-	-
Licenses and permits	135,187	138,829	-	-
Fines and forfeitures	1,761	9,658	-	-
Other revenues	37,975	73,949	-	-
Total revenues	1,589,389	1,804,103	2,067,170	1,969,333
Expenses				
General government	425,529	426,726	-	-
Streets and drainage	540,981	489,251	-	-
Public safety	219,901	274,198	-	-
Sanitation	247,977	246,911	-	-
Debt service	3,863	4,330	-	-
Water	-	-	820,884	818,598
Sewer	-	-	962,239	805,867
Total expenses	1,438,251	1,441,416	1,783,123	1,624,465
Other financing resources (uses)				
Transfers in	362,805	162,480	-	-
Transfers out	(12,805)	(12,480)	(350,000)	(150,000)
Total other financing resources (uses)	350,000	150,000	(350,000)	(150,000)
Increase (decrease) in net position	501,138	512,687	(65,953)	194,868
Beginning net position	1,750,955	1,238,268	3,110,417	2,915,549
Ending net position	\$ 2,252,093	\$ 1,750,955	\$ 3,044,464	\$ 3,110,417

Governmental Activities

Revenues for the Town's governmental activities decreased by \$214,714, or 11.9 percent. Approximately 60.7 percent of these revenues are derived from ad valorem, sales, and franchise taxes while nearly 12.6 percent is from capital and operating grants and contributions. An additional 15.7 percent is derived from charges for services. The increase in capital grants and contributions is due to the receipt of funds from St. James Parish and other local sources for the Buddy Whitney Project and Marquette Drive drainage project. The decrease in operating grants is the result of one-time funding in the prior year from Louisiana Department of Transportation and Development for the Town's continued maintenance of certain streets within the Town's limits.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2021

Expenses for the Town's governmental activities decreased slightly as compared to April 30, 2020. Approximately 37.6 percent of these expenses are used for streets and drainage activities and general government activities account for nearly 29.6 percent of governmental expenses.

Business-type Activities

Revenues for the Town's business-type activities increased by \$97,837 or approximately 5.0 percent. Charges for services provide for approximately 93.9 percent of business-type revenues.

Expenses for the Town's business-type activities increased by \$158,658 or 9.8 percent. Approximately 46.0 percent of these expenses result from water activities and approximately 54.0 percent are the result of sewer activities. Additionally, there was a significant increase in transfers to the general fund in the current year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$882,949, a decrease of \$209,327, or 19.2 percent, from last year.

General Fund Budgetary Highlights

The Town amended its original budget for the fiscal year. Amended budgeted revenues were increased approximately \$150,000 to acknowledge the receipt of funds from the CARES Act, funding for the Buddy Whitney project, and increases in sales tax revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of April 30, 2021, the Town had invested \$4,890,334 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of \$625,788, or 14.7 percent, compared to last year.

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

Table A-3
Town's Capital Assets

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land and Improvements	\$ 49,005	\$ 49,005	\$ 94,855	\$ 94,855
Buildings and Improvements	296,936	296,936	-	-
Lutcher Park	345,635	345,635	-	-
Streets	1,787,750	1,073,294	-	-
Drainage	585,762	585,762	-	-
Equipment	384,890	383,911	387,316	344,313
Construction in Progress	143,833	43,430	21,268	-
Water and Sewer Facility and System	-	-	10,100,084	10,019,405
Less: Accumulated Depreciation	(1,811,104)	(1,692,127)	(7,495,896)	(7,279,873)
Total	\$ 1,782,707	\$ 1,085,846	\$ 3,107,627	\$ 3,178,700

Current year depreciation expense was approximately \$340,000.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2021

This year's major capital asset additions included:

- King Avenue Roadway Rehabilitation Project of approximately \$670,000.
- Marquette Drive Drainage Project of approximately \$125,000.
- Sewer pond improvements of approximately \$36,000.

Construction in progress consists of engineering and project costs relating to the Marquette Drive drainage upgrades. This project is expected to be completed next fiscal year. At year end, the Town had no construction commitments.

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$1,206,000 as compared to \$1,296,000 in the prior year, a decrease of \$90,000 or 6.9 percent. (See Table A-4) More information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

Table A-4
Town's Outstanding Debt

	Governmental Activities		Business Activities	
	2021	2020	2021	2020
General Obligation Bonds, Series 2012A	\$ 114,000	\$ 131,000	\$ -	\$ -
General Obligation Bonds, Series 2012	-	-	758,000	814,000
Taxable Limited Bond, Series 2016	-	-	334,000	351,000
Total	\$ 114,000	\$ 131,000	\$ 1,092,000	\$ 1,165,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from taxes (sales, franchise & property) and garbage fees at 60.7% and 16.0% of total revenues, respectively. The economy is not expected to generate any significant growth. Expenditures are expected to decrease in the water fund for fewer improvements to the waterworks system and increase in the sewer fund due to the anticipation of future capital improvements to the sewer pond.

The world-wide pandemic associated with COVID-19 has spread across the state of Louisiana, including Lutcher. COVID-19 has had a minimal impact on the operations of the Town, but has a bigger impact on certain businesses within the Town. As a result of the American Rescue Plan passed by Congress and signed by the President in March 2021, the Town will receive over \$1 million to help offset any negative financial impact of COVID-19.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF NET POSITION
APRIL 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>ASSETS</u>			
Cash	\$ 682,750	\$ 963,598	\$ 1,646,348
Receivables:			
Taxes	17,427	12,274	29,701
Interest	67	-	67
Other	1,619	-	1,619
Accounts, net	40,673	305,117	345,790
Internal balances	9,148	(9,148)	-
Due from other governmental units	136,413	-	136,413
Other current assets	1,087	8,248	9,335
Restricted assets:			
Cash	49,819	415,311	465,130
Capital assets (net)	1,782,707	3,107,627	4,890,334
Total assets	2,721,710	4,803,027	7,524,737
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	91,591	110,515	202,106
Total deferred outflows of resources	91,591	110,515	202,106
<u>LIABILITIES</u>			
Accounts payable	28,821	100,400	129,221
Accrued payables	4,754	10,037	14,791
Bonds due within one year	18,000	75,000	93,000
Accumulated leave due within one year	7,168	21,406	28,574
Long-term liabilities:			
Accumulated leave	16,255	52,961	69,216
Customer service meter deposits	-	115,126	115,126
Bonds payable	96,000	1,017,000	1,113,000
Net pension liability	372,223	465,932	838,155
Total liabilities	543,221	1,857,862	2,401,083
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	17,987	11,216	29,203
Total deferred inflows of resources	17,987	11,216	29,203
<u>NET POSITION</u>			
Net investment in capital assets	1,668,117	2,010,643	3,678,760
Restricted for:			
Debt retirement	49,819	297,212	347,031
Road maintenance	490,000	-	490,000
Drainage	67,229	-	67,229
Unrestricted	(23,072)	736,609	713,537
Total net position	\$ 2,252,093	\$ 3,044,464	\$ 5,296,557

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions:							
Governmental activities:							
General government	\$ 425,529	\$ -	\$ 15,175	\$ -	\$ (410,354)	\$ -	\$ (410,354)
Streets and drainage	540,981	-	-	185,201	(355,780)	-	(355,780)
Public safety	219,901	-	-	-	(219,901)	-	(219,901)
Sanitation	247,977	249,372	-	-	1,395	-	1,395
Debt service	3,863	-	-	-	(3,863)	-	(3,863)
Total governmental activities	<u>1,438,251</u>	<u>249,372</u>	<u>15,175</u>	<u>185,201</u>	<u>(988,503)</u>	<u>-</u>	<u>(988,503)</u>
Business-type activities:							
Sewer	962,239	1,302,345	-	-	-	340,106	340,106
Water	820,884	639,426	-	35,000	-	(146,458)	(146,458)
Total business-type activities	<u>1,783,123</u>	<u>1,941,771</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>193,648</u>	<u>193,648</u>
Total primary government	<u>\$ 3,221,374</u>	<u>\$ 2,191,143</u>	<u>\$ 15,175</u>	<u>\$ 220,201</u>	<u>(988,503)</u>	<u>193,648</u>	<u>(794,855)</u>
General revenues							
Taxes:							
Ad valorem					163,552	90,399	253,951
Sales taxes					693,230	-	693,230
Franchise taxes					107,936	-	107,936
Licenses and permits					135,187	-	135,187
Fines and forfeitures					1,761	-	1,761
Transfers (to)/from other funds					350,000	(350,000)	-
Other revenue					37,975	-	37,975
Total general revenues and transfers					<u>1,489,641</u>	<u>(259,601)</u>	<u>1,230,040</u>
Change in net position					501,138	(65,953)	435,185
Net position, April 30, 2020					1,750,955	3,110,417	4,861,372
Net position, April 30, 2021					<u>\$ 2,252,093</u>	<u>\$ 3,044,464</u>	<u>\$ 5,296,557</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
APRIL 30, 2021

	General	Nonmajor Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 682,750	\$ -	\$ 682,750
Receivables:			
Taxes	17,427	-	17,427
Interest	67	-	67
Other	1,619	-	1,619
Due from other funds	9,148	-	9,148
Accounts, net	40,673	-	40,673
Due from other governmental units	136,413	-	136,413
Prepaid insurance	1,087	-	1,087
Restricted assets:			
Cash	-	49,819	49,819
Total assets	\$ 889,184	\$ 49,819	\$ 939,003
 <u>LIABILITIES</u>			
Accounts payable	\$ 28,821	\$ -	\$ 28,821
Accrued payables	11,332	-	11,332
Total liabilities	40,153	-	40,153
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Resources recovered prior to time requirements	15,901	-	15,901
Total deferred inflows of resources	15,901	-	15,901
 <u>FUND BALANCES</u>			
Nonspendable	1,087	-	1,087
Restricted for debt retirement	-	49,819	49,819
Restricted for road maintenance	490,000	-	490,000
Restricted for drainage	67,229	-	67,229
Unassigned	274,814	-	274,814
Total fund balance	833,130	49,819	882,949
Total liabilities, deferred inflows and fund balances	\$ 889,184	\$ 49,819	\$ 939,003

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2021

Total fund balances - governmental funds		\$ 882,949
Cost of capital assets at April 30, 2021	3,593,811	
Less: accumulated depreciation as of April 30, 2021	<u>(1,811,104)</u>	1,782,707
Long-term assets at April 30, 2021		
Deferred outflows - pension related		91,591
Ad valorem tax revenues that were collected more than sixty days after year-end and, therefore, are not available soon enough to pay current period expenditures		15,901
Long-term liabilities at April 30, 2021		
Bonds payable	(114,000)	
Accrued interest payable	(590)	
Accrued sick leave payable	(5,973)	
Accrued compensatory time payable	(10,282)	
Net pension liability	(372,223)	
Deferred inflows - pension related	<u>(17,987)</u>	<u>(521,055)</u>
Total net position at April 30, 2021 - governmental activities		<u>\$ 2,252,093</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER

Lutcher, Louisiana

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED APRIL 30, 2021

	<u>General</u>	<u>Nonmajor Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 147,651	\$ -	\$ 147,651
Sales taxes	693,230	-	693,230
Franchise taxes	107,936	-	107,936
Garbage fees	249,372	-	249,372
Licenses and permits	135,187	-	135,187
Intergovernmental revenue:			
Beer	1,088	-	1,088
Grants	200,376	-	200,376
Fines and forfeitures	1,761	-	1,761
Other revenue	26,461	-	26,461
Total revenues	<u>1,563,062</u>	<u>-</u>	<u>1,563,062</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	403,962	-	403,962
Streets and drainage	430,526	-	430,526
Public safety	200,334	-	200,334
Sanitation	247,977	-	247,977
Capital outlay	818,660	-	818,660
Debt expenditures:			
Principal retirement	-	17,000	17,000
Interest	-	3,930	3,930
Total expenditures	<u>2,101,459</u>	<u>20,930</u>	<u>2,122,389</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(538,397)</u>	<u>(20,930)</u>	<u>(559,327)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	350,000	12,805	362,805
Transfers out	(12,805)	-	(12,805)
Total other financing sources	<u>337,195</u>	<u>12,805</u>	<u>350,000</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(201,202)</u>	<u>(8,125)</u>	<u>(209,327)</u>
<u>FUND BALANCE</u>			
Beginning of year	<u>1,034,332</u>	<u>57,944</u>	<u>1,092,276</u>
End of year	<u>\$ 833,130</u>	<u>\$ 49,819</u>	<u>\$ 882,949</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021

Total net changes in fund balance - governmental funds		\$ (209,327)
Capital assets:		
Capital outlay capitalized	818,660	
Depreciation expense for the year ended April 30, 2021	<u>(121,799)</u>	696,861
Change in ad valorem taxes collected after 60 days		15,901
Long-term debt:		
Principal portion of debt service payments	17,000	
Change in accrued sick leave	1,051	
Change in accrued compensatory time	(976)	
Excess of interest paid over interest accrued	67	
Net change in pension liability and deferred inflows/outflows of resources	<u>(19,439)</u>	<u>(2,297)</u>
Change in net position - governmental activities		<u>\$ 501,138</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
APRIL 30, 2021

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 686,706	\$ 276,892	\$ 963,598
Taxes receivable	-	12,274	12,274
Accounts receivable (net of allowance for uncollectibles)	224,417	80,700	305,117
Due from other funds	-	32	32
Other current assets	953	7,295	8,248
Total current assets	<u>912,076</u>	<u>377,193</u>	<u>1,289,269</u>
<u>NONCURRENT ASSETS</u>			
Restricted assets:			
Cash	30	415,281	415,311
Total restricted assets	30	415,281	415,311
Capital assets, net	862,643	2,244,984	3,107,627
Total noncurrent assets	<u>862,673</u>	<u>2,660,265</u>	<u>3,522,938</u>
Total assets	<u>1,774,749</u>	<u>3,037,458</u>	<u>4,812,207</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	55,324	55,191	110,515
Total deferred outflows of resources	<u>55,324</u>	<u>55,191</u>	<u>110,515</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Payable from current assets:			
Accounts payable	91,040	9,360	100,400
Accrued payables	3,052	6,985	10,037
Due to other funds	3,172	6,008	9,180
Payable from restricted assets:			
Bonds payable due within one year	-	75,000	75,000
Total current liabilities	<u>97,264</u>	<u>97,353</u>	<u>194,617</u>
<u>NONCURRENT LIABILITIES</u>			
Accumulated leave	49,150	25,217	74,367
Customer meter deposits	-	115,126	115,126
Bonds payable	-	1,017,000	1,017,000
Net pension liability	233,245	232,687	465,932
Total noncurrent liabilities	<u>282,395</u>	<u>1,390,030</u>	<u>1,672,425</u>
Total liabilities	<u>379,659</u>	<u>1,487,383</u>	<u>1,867,042</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	5,615	5,601	11,216
Total deferred inflows of resources	<u>5,615</u>	<u>5,601</u>	<u>11,216</u>
<u>NET POSITION</u>			
Net investment in capital assets	862,643	1,148,000	2,010,643
Restricted for debt retirement	-	297,212	297,212
Unrestricted	582,156	154,453	736,609
TOTAL NET POSITION	<u>\$ 1,444,799</u>	<u>\$ 1,599,665</u>	<u>\$ 3,044,464</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED APRIL 30, 2021

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for service			
Sales	\$ 346,238	\$ 565,948	\$ 912,186
Use of oxidation pond	935,633	-	935,633
Delinquent charges	7,230	16,252	23,482
Miscellaneous revenues	13,244	57,226	70,470
Total operating revenues	<u>1,302,345</u>	<u>639,426</u>	<u>1,941,771</u>
<u>OPERATING EXPENSES</u>			
Professional services	18,565	20,393	38,958
Payroll taxes	23,299	15,437	38,736
Retirement	49,239	45,885	95,124
Insurance	72,656	118,934	191,590
Office supplies and postage	7,056	9,014	16,070
Miscellaneous	67,167	49,264	116,431
Salaries	328,789	251,760	580,549
Oxidation pond/water plant analysis and treatment	12,167	8,371	20,538
Electricity	71,693	16,505	88,198
Materials, supplies, and repairs	238,215	104,453	342,668
Depreciation	73,393	144,680	218,073
Total operating expenses	<u>962,239</u>	<u>784,696</u>	<u>1,746,935</u>
<u>OPERATING INCOME (LOSS)</u>	<u>340,106</u>	<u>(145,270)</u>	<u>194,836</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Ad valorem taxes	-	90,399	90,399
Capital grants	-	35,000	35,000
Interest expense	-	(36,188)	(36,188)
Total nonoperating revenues	<u>-</u>	<u>89,211</u>	<u>89,211</u>
<u>Income (loss) before transfers</u>	340,106	(56,059)	284,047
Transfers in	20	-	20
Transfers out	(350,000)	(20)	(350,020)
Operating transfers out	<u>(349,980)</u>	<u>(20)</u>	<u>(350,000)</u>
<u>CHANGE IN NET POSITION</u>	<u>(9,874)</u>	<u>(56,079)</u>	<u>(65,953)</u>
Net position, April 30, 2020	1,454,673	1,655,744	3,110,417
Net position, April 30, 2021	<u>\$ 1,444,799</u>	<u>\$ 1,599,665</u>	<u>\$ 3,044,464</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2021

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 1,277,116	\$ 595,789	\$ 1,872,905
Cash paid to employees and suppliers	(811,249)	(653,123)	(1,464,372)
Other receipts from operations	13,264	57,226	70,490
Net cash provided by operating activities	<u>479,131</u>	<u>(108)</u>	<u>479,023</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers from other funds	20	-	20
Transfers to other funds	(350,000)	(20)	(350,020)
Net cash used in noncapital financing activities	<u>(349,980)</u>	<u>(20)</u>	<u>(350,000)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(126,317)	(20,683)	(147,000)
Capital grant received	-	35,000	35,000
Ad valorem tax	-	90,399	90,399
Principal payments on long-term debt	-	(73,000)	(73,000)
Interest paid on long-term debt	-	(36,683)	(36,683)
Net cash used in capital and related financing activities	<u>(126,317)</u>	<u>(4,967)</u>	<u>(131,284)</u>
Net increase (decrease) in cash and cash equivalents	2,834	(5,095)	(2,261)
Cash and cash equivalents - beginning of year	<u>683,902</u>	<u>697,268</u>	<u>1,381,170</u>
Cash and cash equivalents - end of year	<u>\$ 686,736</u>	<u>\$ 692,173</u>	<u>\$ 1,378,909</u>
Cash and cash equivalents - end of year			
Cash - current	\$ 686,706	\$ 276,892	\$ 963,598
Cash - restricted	30	415,281	415,311
	<u>\$ 686,736</u>	<u>\$ 692,173</u>	<u>\$ 1,378,909</u>

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2021

	Sewer Fund	Water Fund	Total
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 340,106	\$ (145,270)	\$ 194,836
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -			
Depreciation	73,393	144,680	218,073
Bad debt recovery	(6,090)	(22,493)	(28,583)
Net changes in assets and liabilities -			
Accounts receivables	(16,090)	13,589	(2,501)
Prepaid expenses and other assets	4,105	(4,624)	(519)
Deferred outflows of resources	4,299	5,405	9,704
Accounts payable and other liabilities	73,048	6,613	79,661
Net pension liability	10,722	6,531	17,253
Deferred inflows of resources	(4,362)	(4,539)	(8,901)
Net cash provided by operating activities	\$ 479,131	\$ (108)	\$ 479,023

(concluded)

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

1. **Summary of Significant Accounting Policies**

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

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

Financial Reporting Entity

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

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

Basis of Presentation, Basis of Accounting

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

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

Basis of Presentation, Basis of Accounting (continued)

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise funds:

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

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

Basis of Presentation, Basis of Accounting (continued)

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

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

Measurement Focus, Basis of Accounting

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

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

Budgets and Budgetary Accounting

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

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

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

Cash and Cash Equivalents

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

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

All fixed assets are stated at historical cost.

Accounts Receivable

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

1. Summary of Significant Accounting Policies (continued)

Accumulated Leave

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

Long Term Debt

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

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

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

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

Pension Plans

The Town of Lutcher is a participating employer in two cost-sharing, multiple-employer defined benefit pension plans as described in Note 10. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plans.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

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

Equity Classifications

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

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

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

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

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

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

Interfund Balances / Transfers

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Deferred Outflows/Inflows of Resources

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

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

Estimates

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

Encumbrances

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

Risk Management

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

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at April 30, 2021.

Current Year Adoption of New Accounting Standards

The Town adopted GASB Statement No. 83 (GASB 83), *Certain Asset Retirement Obligations*. This Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations. The Town does not have a liability related to an ARO as of April 30, 2021.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

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

Current Year Adoption of New Accounting Standards (continued)

The Town adopted GASB Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The statement clarifies the definition of debt for disclosure purposes and expands the required debt disclosures to provide more detail about governmental obligations. GASB 88 defines debt for purposes of disclosures as a liability that arises from a contractual obligation to pay cash (or another financial asset) in one or more payments to settle an amount that is fixed at the date when the contractual obligation is established. GASB 88 requires that direct borrowings and placements be disclosed separately from other types of debt and also provides additional guidance for disclosures related to debt. Additional disclosures are included in Note 7.

2. **Cash**

At April 30, 2021, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$	200
Demand deposit accounts/savings accounts		1,646,148
Restricted cash		465,130
Total	\$	<u>2,111,478</u>

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

3. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At April 30, 2021, the Town's bank balances totaled \$2,184,754. Of these bank balances, \$500,000 was covered by federal depository insurance, and \$1,684,754 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

4. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended April 30, 2021, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Construction in progress	Total
Cost at April 30, 2020	\$ 49,005	\$ 296,936	\$ 345,635	\$ 1,073,294	\$ 585,762	\$ 383,911	\$ 43,430	\$ 2,777,973
Additions	-	-	-	-	-	3,801	814,859	818,660
Deletions	-	-	-	-	-	(2,822)	-	(2,822)
Transfers	-	-	-	714,456	-	-	(714,456)	-
Cost of Capital Assets April 30, 2021	49,005	296,936	345,635	1,787,750	585,762	384,890	143,833	3,593,811
Accumulated depreciation April 30, 2020	7,564	234,857	295,635	512,785	309,695	331,591	-	1,692,127
Additions	496	6,409	-	75,332	29,250	10,312	-	121,799
Deletions	-	-	-	-	-	(2,822)	-	(2,822)
Accumulated depreciation April 30, 2021	8,060	241,266	295,635	588,117	338,945	339,081	-	1,811,104
Capital Assets, net of accumulated depreciation at April 30, 2021	\$ 40,945	\$ 55,670	\$ 50,000	\$ 1,199,633	\$ 246,817	\$ 45,809	\$ 143,833	\$ 1,782,707

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

Depreciation expense of \$121,799 for the year ended April 30, 2021 was charged to the following governmental functions:

General Government	\$ 13,215
Streets and Drainage	106,470
Public Safety	2,114
	<u>\$ 121,799</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

4. **Capital Assets** (continued)

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Construction in Progress	Total
Total Cost of Capital Assets April 30, 2020	\$ 94,855	\$ 10,019,405	\$ 344,313	\$ -	\$ 10,458,573
Additions	-	80,679	45,053	21,268	147,000
Deletions	-	-	(2,050)	-	(2,050)
Cost of Capital Assets April 30, 2021	94,855	10,100,084	387,316	21,268	10,603,523
Accumulated depreciation April 30, 2020	17,183	7,023,904	238,786	-	7,279,873
Additions	1,328	187,686	29,059	-	218,073
Deletions	-	-	(2,050)	-	(2,050)
Accumulated depreciation April 30, 2021	18,511	7,211,590	265,795	-	7,495,896
Capital Assets, net of accumulated depreciation at April 30, 2021	\$ 76,344	\$ 2,888,494	\$ 121,521	\$ 21,268	\$ 3,107,627

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

Depreciation expense of \$218,073 for the year ended April 30, 2021 was charged to the following governmental functions:

Sewer Fund	\$ 73,393
Water Fund	144,680
	<u>\$ 218,073</u>

Construction Commitment

As of April 30, 2021, the Town had no construction commitments.

5. **Due from Other Governmental Units**

At April 30, 2021, the Town has \$136,413 due from the St. James Parish School Board for sales tax collections.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

6. Accumulated Leave

The following is a summary of the changes in accumulated leave for the year ended April 30, 2021:

	Balance 4/30/2020	Additions	Deletions	Balance 4/30/2021	Due within one year
Governmental:					
Compensated absences	\$ 14,965	\$ 14,660	\$ 16,484	\$ 13,141	\$ 7,168
Compensatory time	9,306	1,779	803	10,282	-
Total governmental	<u>24,271</u>	<u>16,439</u>	<u>17,287</u>	<u>23,423</u>	<u>7,168</u>
Business-type:					
Compensated absences	44,012	38,739	30,659	52,092	21,406
Compensatory time	23,544	39,808	41,077	22,275	-
Total business-type	<u>67,556</u>	<u>78,547</u>	<u>71,736</u>	<u>74,367</u>	<u>21,406</u>
Total primary government	<u>\$ 91,827</u>	<u>\$ 94,986</u>	<u>\$ 89,023</u>	<u>\$ 97,790</u>	<u>\$ 28,574</u>

7. Long-term Debt

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2021:

	Balance 4/30/20	Additions	Retirement s	Balance 4/30/21	Due within One Year
Governmental activities:					
Direct borrowing and placement of debt:					
General Obligation					
Bonds, Series					
2012A	\$ 131,000	\$ -	\$ 17,000	\$ 114,000	\$ 18,000
	<u>\$ 131,000</u>	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 114,000</u>	<u>\$ 18,000</u>
Business-type activities:					
Direct borrowing and placement of debt:					
General Obligation					
Bonds, Series 2012	\$ 814,000	\$ -	\$ 56,000	\$ 758,000	\$ 58,000
Taxable Limited					
Bonds, Series 2016	351,000	-	17,000	334,000	17,000
	<u>\$ 1,165,000</u>	<u>\$ -</u>	<u>\$ 73,000</u>	<u>\$ 1,092,000</u>	<u>\$ 75,000</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Direct borrowings and placements at April 30, 2021 were comprised of the following individual issues:

Governmental activities:

Debt Service Fund

\$255,000 of General Obligation Bonds, Series 2012A; due in various semi-annual installments, including interest at 3%, through March 1, 2027; payable from ad valorem taxes. The bond document does not list any terms of events of default, termination events with financial related consequences, nor subjective acceleration clauses.

\$ 114,000

Business-type activities:

Water Fund

\$1.1 million of General Obligation Bonds, Series 2012; due in various semi-annual installments, including interest at 2.95%, through March 1, 2032; payable from ad valorem taxes. Events of default include failure to make punctual payment of principal amount due, failure to make punctual payment of any installment of interest that is due and payable, performance or observance of any other of the covenants, agreements, or conditions are not made and continues for a period of 45 days, or if the Town shall file a petition or other seek of relief under Federal or State bankruptcy law or other similar law. The Bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment. The bond document does not list any terms related to termination events with finance related consequences nor subjective acceleration clauses.

\$ 758,000

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

334,000

\$ 1,092,000

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

The annual requirements to amortize all debt outstanding as of April 30, 2021, are as follows:

Year ending April 30,	Principal	Interest	Total
2022	\$ 93,000	\$ 32,314	\$ 125,314
2023	95,000	29,731	124,731
2024	100,000	27,090	127,090
2025	102,000	24,320	126,320
2026	105,000	21,492	126,492
2027 – 2031	489,000	65,694	554,694
2032 – 2036	198,000	11,730	209,730
2037 – 2041	24,000	488	24,488
	\$1,206,000	\$ 212,859	\$ 1,418,859

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

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

Ad valorem tax – Assessed valuation, 2020 tax rolls	\$	18,544,331
Debt limit: 10% of assessed valuation (for any purpose)	\$	1,854,433
Debt limit: 15% of assessed valuation (for sewerage purposes)	\$	2,781,650
Debt limit: 35% of assessed valuation (aggregate, all purposes)	\$	6,490,516

8. **Ad Valorem Taxes**

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2021 taxes of 7 mills were authorized and levied on property with assessed valuations totaling \$18,544,331 for general purposes. Additional taxes of 4.93 mills were authorized and levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due. All millages expire on December 31, 2021.

Ad valorem taxes levied during the year ended April 30, 2021 totaled \$221,238.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Interfund transfers at April 30, 2021, were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 350,000	\$ 12,805
Debt Service Fund	12,805	-
Water Fund	-	20
Sewer Fund	20	350,000
	\$ 362,825	\$ 362,825

10. **Pension and Retirement Plans**

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

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

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

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

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

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

Municipal Police Employees' Retirement System of Louisiana (MPERS)

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Funding Policy:

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended April 30, 2021, for the Town and covered employees were as follows:

	Town	Employees
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	15.50%	5.00%
Members hired after 01/01/2013	15.50%	5.00%
Municipal Police Employees' Retirement Systems		
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	33.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.75%	8.00%
Employees receiving compensation below poverty guidelines of US Department of health	36.25%	7.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of the years ending April 30, 2021 were as follows:

	2021	2020	2019
Municipal Employees' Retirement System Plan B	\$ 78,434	\$ 81,895	\$ 81,078
Municipal Police Employees' Retirement System	\$ 15,687	\$ 15,672	\$ 14,705

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2020 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of April 30, 2021 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2020 along with the change compared to the June 30, 2019 rate. The Town's proportion of the Net Pension Liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers.

	Net Pension Liability at June 30, 2020	Rate at June 30, 2020	Increase on June 30, 2019 Rate
Municipal Employees' Retirement System Plan B	\$ 697,921	0.7701%	0.0012%
Municipal Police Employees' Retirement System	140,234	0.0152%	0.0004%
	<u>\$ 838,155</u>		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended April 30, 2021:

	Governmental Activities	Business-Type Activities	Total
Municipal Employees' Retirement System Plan B	\$ 42,024	\$ 84,401	\$ 126,425
Municipal Police Employees' Retirement System	29,914	-	29,914
	<u>\$ 71,938</u>	<u>\$ 84,401</u>	<u>\$ 156,339</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan B	\$ 165,541	\$ (16,800)
Municipal Police Employees' Retirement System	36,565	(12,403)
	\$ 202,106	\$ (29,203)

The Town reported a total of \$80,848 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in Net Pension Liability in the year ended April 30, 2022. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan B	\$ 67,523
Municipal Police Employees' Retirement System	13,325
	\$ 80,848

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

Year	MERS	MPERS	Total
2022	\$ 32,975	\$ 107	\$ 33,082
2023	19,883	3,481	23,364
2024	17,262	4,051	21,313
2025	11,098	3,198	14,296
	\$ 81,218	\$ 10,837	\$ 92,055

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2020 are as follows:

Valuation Date	MERS	MPERS						
	June 30, 2020	June 30, 2020						
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal cost						
Actuarial Assumptions:								
Expected Remaining Service Lives	3 years	4 years						
Investment Rate of Return	6.950%	6.950%						
Inflation Rate	2.500%	2.500%						
Mortality	<p>For annuitant and beneficiary mortality tables used were PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>For employees, the PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>For disable lives mortality, PubNS-2010(B) Disabled Retiree Table set equal to 120% males and females with the full generational MP2018 scale.</p>	<p>For annuitant and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.</p>						
Salary Increases	<p>1-4 years of service - 7.4% - Plan B</p> <p>Over 4 years of service - 4.9% - Plan B</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">12.30%</td> </tr> <tr> <td style="text-align: center;">Above 2</td> <td style="text-align: center;">4.70%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.30%	Above 2	4.70%
<u>Years of Service</u>	<u>Salary Growth Rate</u>							
1-2	12.30%							
Above 2	4.70%							

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Actuarial Assumptions (continued)

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

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

<u>MERS</u>	<u>MPERS</u>
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.60% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 7.00% for the year ended June 30, 2020.</p>	<p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.55% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 7.19% for the year ended June 30, 2020.</p>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2020:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	53.0%	-	2.33%	-
Equity	-	48.5%	-	3.08%
Public fixed income	38.0%	-	1.67%	-
Fixed income	-	33.5%	-	0.54%
Alternatives	9.0%	18.0%	0.40%	1.02%
Total	<u>100.0%</u>	<u>100.0%</u>	4.40%	4.64%
Inflation			<u>2.60%</u>	<u>2.55%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>7.19%</u>

Discount Rate:

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 6.950% and 7.125%, respectively for the measurement period ending June 30, 2020.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS (Plan B)			
Rates	5.950%	6.950%	7.950%
Town of Lutcher's Share of NPL	\$ 929,062	\$ 697,921	\$ 502,342
MPERS			
Rates	6.125%	7.125%	8.125%
Town of Lutcher's Share of NPL	\$ 197,014	\$ 140,234	\$ 92,768

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

11. Restricted Assets

Under the terms of the bond indentures for the general obligation bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems totaling \$347,081.

As of April 30, 2021, the Town was in compliance with all related debt covenants.

At April 30, 2021, the Town has \$118,049 of cash restricted for the refunding of customer meter deposits.

12. Sales Taxes

The Town receives a 1% sales tax collected on sales occurring within the boundaries of the Town of Lutcher. These proceeds are available for any lawful purpose of operating a municipality. The Town receives an additional 1 percent sales tax for the purpose of constructing, improving, extending and maintaining streets, drainage, water, sewer infrastructure and sewerage treatment works; and purchasing necessary equipment and land for any of the aforesaid public works, improvements and facilities. The Town recognized \$693,230 of sales tax revenue during the year ended April 30, 2021. These taxes do not expire.

13. Commitments

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

Operating lease expenditures amounted to \$251,177 for the year ended April 30, 2021.

The following is a schedule by year of future minimum lease payments under these arrangements as of April 30, 2021, that have initial or remaining terms in excess of one year.

<u>Year Ending April 30,</u>	<u>Minimum Payments</u>
2022	\$ 246,146
2023	122,208
	<u>\$ 368,354</u>

14. Tax Abatement

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending April 30, 2021, the Town did not participate in any Tax Exemption Programs.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

15. **Detailed Restricted Net Position and Fund Balances**

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

	Governmental Activities	Business Type Activities	Total
Net position restricted for:			
Debt services:			
Debt service for Water Fund general obligation bonds	\$ -	\$ 286,269	\$ 286,269
Debt service for Water Fund taxable limited bonds	-	10,923	10,923
Debt service for general obligation bonds	49,819	-	49,819
Capital improvements:			
Road maintenance	490,000	-	490,000
Drainage project	67,229	-	67,229
Total restricted net position	\$ 607,048	\$ 297,212	\$ 904,260

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

	General Fund	Nonmajor Debt Service Fund	Total Governmental Funds
Fund balances:			
Nonspendable:			
Prepaid insurance	\$ 1,087	\$ -	\$ 1,087
Restricted:			
Debt services:			
Debt service for general obligation bonds	-	49,819	49,819
Capital improvements:			
Road maintenance	490,000	-	490,000
Drainage project	67,229	-	67,229
Total Restricted	557,229	49,819	607,048
Unassigned	274,814	-	274,814
Total fund balances	\$ 833,130	\$ 49,819	\$ 939,003

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

16. **Receivables**

Receivables as of April 30, 2021 for the Town's funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities		Business-type Activities		Total Business-type Activities
	General Fund	Sewer Fund	Water Fund		
<u>Receivables:</u>					
Property taxes	\$ 17,427	\$ -	\$ 12,274		\$ 12,274
Interest	67	-	-		-
Accounts	44,691	228,802	91,926		320,728
Other	1,619	-	-		-
Gross receivables	63,804	228,802	104,200		333,002
Less: allowance for uncollectibles	(4,018)	(4,385)	(11,226)		(15,611)
Net receivables	<u>\$ 59,786</u>	<u>\$ 224,417</u>	<u>\$ 92,974</u>		<u>\$ 317,391</u>

17. **Interfund Transactions**

Interfund receivables and payables as of April 30, 2021 are as follows:

Interfund Receivables		Interfund Payables	
General Fund	\$ 9,148	General Fund	\$ -
Water Fund	32	Water Fund	6,008
Sewer Fund	-	Sewer Fund	3,172
Total	<u>\$ 9,180</u>	Total	<u>\$ 9,180</u>

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

18. **Disaggregation of Accounts Payable and Accrued Payables**

Accounts payables and accrued payables as of April 30, 2021 were as follows:

	Governmental Activities	Business-Type Activities	Total
Vendors	28,821	100,400	129,221
Salaries and benefits payable	4,754	10,037	14,791
Total encumbrances	<u>33,575</u>	<u>110,437</u>	<u>144,012</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

19. **COVID-19 Pandemic**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Town and its financial results.

20. **Subsequent Events**

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was passed by the United States Congress and signed into law by President Biden. ARPA allocated certain funds for local governments. The Town’s portion of that allocation is approximately \$1.17 million. As of April 30, 2021, the Town had not received its allocation; however, the allocation is scheduled to be received within the next 18 months.

On August 26, 2021, Governor John Bel Edwards declared a State of Emergency due to then Tropical Storm Ida. President Biden approved Governor Edwards’s request for presidential disaster declaration on August 28, 2021. On August 29, 2021, Hurricane Ida made landfall in Port Fourchon, Louisiana as a strong Category 4 Hurricane. While the full effect of this disaster is still unknown, there will be an impact on the Town as a result of recovery efforts. The State of Emergency Declaration by Governor Edwards and approved by President Biden activated the Governor’s Office of Homeland Security and Emergency Preparedness (GOHSEP), which will allow for disaster relief to be requested by the Town and its citizens.

Management has evaluated subsequent events through the date the financial statements were available to be issued, October 22, 2021, and determined that no further events occurred that required disclosure. No subsequent events that occurred after this date have been evaluated for inclusion in the financial statements.

21. **Current Accounting Standards Scheduled to be Implemented**

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

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

GASB Statement 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Town will include the requirements of this standard, as applicable, in its April 30, 2022 financial statements. The effect of this standard or its applicability to the Town are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF THE TOWN OF LUTCHER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED APRIL 30, 2021 (*)

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

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

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

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
(DEFINED BENEFIT COST SHARING PLANS ONLY)
FOR THE YEAR ENDED APRIL 30, 2021

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

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

For reference only:

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

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2021

Changes of Benefit Terms include:

Municipal Employee's Retirement System (Plan B)

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

Municipal Police Employee's Retirement System

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

Changes of Assumptions:

Municipal Employee's Retirement System (Plan B)

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

Discount Rate:

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

Merit:

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

Inflation Rate:

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

Investment rate of return:

Year End	Measurement date	Rate	Change
4/30/2021	6/30/2020	6.950%	-0.050%
4/30/2020	6/30/2019	7.000%	-0.275%
4/30/2019	6/30/2018	7.275%	-0.125%
4/30/2018	6/30/2017	7.400%	-0.100%
4/30/2017	6/30/2016	7.500%	0.000%
4/30/2016	6/30/2015	7.500%	-0.250%
4/30/2015	6/30/2014	7.750%	

Salary Increases:

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

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2021

Changes of Assumptions: (continued)

Municipal Police Employee's Retirement System

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

Discount Rate:

Year End	Measurement date	Rate	Change
4/30/2021	6/30/2020	6.950%	-0.175%
4/30/2020	6/30/2019	7.125%	-0.075%
4/30/2019	6/30/2018	7.200%	-0.125%
4/30/2018	6/30/2017	7.325%	-0.175%
4/30/2017	6/30/2016	7.500%	

Inflation Rate:

Year End	Measurement date	Rate	Change
4/30/2021	6/30/2020	2.500%	0.000%
4/30/2020	6/30/2019	2.500%	-0.100%
4/30/2019	6/30/2018	2.600%	-0.100%
4/30/2018	6/30/2017	2.700%	-0.175%
4/30/2017	6/30/2016	2.875%	

Investment rate of return:

Year End	Measurement date	Rate	Change
4/30/2021	6/30/2020	6.950%	-0.175%
4/30/2020	6/30/2019	7.125%	-0.075%
4/30/2019	6/30/2018	7.200%	-0.125%
4/30/2018	6/30/2017	7.325%	-0.175%
4/30/2017	6/30/2016	7.500%	

Salary Increases including Merit:

Year End	Measurement date	Rate	Change
4/30/2021	6/30/2020	9.8%	2.55%
4/30/2020	6/30/2019	7.25%	0.10%
4/30/2019	6/30/2018	7.15%	0.10%
4/30/2018	6/30/2017	7.05%	0.175%
4/30/2017	6/30/2016	6.875%	

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED APRIL 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Taxes	\$ 720,000	\$ 779,000	\$ 840,881
Franchise taxes	100,000	103,500	107,936
Garbage fees	245,000	252,500	249,372
Licenses and permits	131,200	153,300	135,187
Intergovernmental revenues:			
Beer	1,000	1,000	1,088
Grants	-	82,229	200,376
Fines	10,000	1,700	1,761
Other revenue	25,500	7,900	26,461
Total revenues	<u>1,232,700</u>	<u>1,381,129</u>	<u>1,563,062</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	419,100	427,150	403,962
Streets and drainage	410,600	391,700	430,526
Public safety	249,550	206,760	200,334
Sanitation	270,000	250,000	247,977
Capital outlay	880,000	879,000	818,660
Total expenditures	<u>2,229,250</u>	<u>2,154,610</u>	<u>2,101,459</u>
<u>EXCESS OF REVENUES</u>			
<u>UNDER EXPENDITURES</u>	(996,550)	(773,481)	(538,397)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	350,000	350,000	350,000
Transfers out	-	-	(12,805)
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>337,195</u>
<u>NET CHANGE IN FUND BALANCE</u>	(646,550)	(423,481)	(201,202)
<u>FUND BALANCE</u>			
Beginning of year	947,425	947,425	1,034,332
End of year	<u>\$ 300,875</u>	<u>\$ 523,944</u>	<u>\$ 833,130</u>

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>			
Salaries	\$ 174,900	\$ 176,400	\$ 195,797
Professional fees	46,000	61,500	43,253
Electricity	15,000	12,150	8,881
Insurance	61,500	56,000	56,457
Supplies and maintenance	15,500	12,500	6,191
Miscellaneous	10,500	3,900	19,220
Retirement	15,000	16,500	15,617
Office expenses	30,000	35,000	21,173
Payroll taxes	15,000	15,000	11,449
Per diem	10,000	14,000	13,821
Dues and subscriptions	2,700	2,700	2,018
Education and conventions	6,000	500	80
Computer	7,000	9,000	-
Telephone	10,000	12,000	10,005
Total general government	<u>419,100</u>	<u>427,150</u>	<u>403,962</u>
<u>STREETS AND DRAINAGE</u>			
Salaries	115,100	108,100	98,994
Payroll taxes	8,000	8,000	7,437
Miscellaneous	12,500	8,100	1,915
Gasoline, oil, and diesel	8,000	8,000	5,957
Street drainage and ditching	35,000	5,000	50,809
Beautification	8,000	4,000	2,810
Truck and tractor expense	6,000	6,000	6,258
Supplies and maintenance	55,500	58,500	84,832
Electricity	65,000	76,000	70,636
Insurance	33,000	34,000	33,685
Retirement	10,000	9,000	8,070
Uniforms	4,500	5,000	4,980
Grass cutting - contractor	50,000	62,000	54,143
Total streets and drainage	<u>410,600</u>	<u>391,700</u>	<u>430,526</u>

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2021

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>			
Salaries	125,750	101,750	103,065
Gasoline and oil	6,000	4,500	3,449
Uniforms	1,000	300	-
Telephone	3,000	2,500	2,077
Insurance	63,000	45,500	45,164
Vehicle expenses	2,500	1,500	1,040
Supplies and maintenance	2,000	3,500	4,144
Office supplies	1,000	1,160	246
Payroll taxes	12,000	9,000	8,413
Printing & publishing	500	-	-
Retirement	25,000	27,000	23,825
Miscellaneous	1,500	600	374
Computer	5,000	9,000	8,177
Education and convention	1,000	300	210
Dues and subscriptions	300	150	150
Total public safety	<u>249,550</u>	<u>206,760</u>	<u>200,334</u>
<u>SANITATION</u>			
Solid waste disposal	<u>270,000</u>	<u>250,000</u>	<u>247,977</u>
Total sanitation	<u>270,000</u>	<u>250,000</u>	<u>247,977</u>
<u>CAPITAL OUTLAY</u>			
Capital outlay	<u>880,000</u>	<u>879,000</u>	<u>818,660</u>
Total capital outlay	<u>880,000</u>	<u>879,000</u>	<u>818,660</u>
Total all departments	<u>\$ 2,229,250</u>	<u>\$ 2,154,610</u>	<u>\$ 2,101,459</u>

(concluded)

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lutchet, Louisiana, (the Town) as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 22, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 22, 2021

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

YEAR ENDED APRIL 30, 2021

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

_____ Yes X No

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

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

TOWN OF LUTCHER
Lutcher, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED APRIL 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED APRIL 30, 2021

Mayor:		
Patrick St. Pierre	\$	33,500
Aldermen:		
Darlene Riley		9,460
Donald Batiste		9,380
Danny Manuel		9,460
Ronald J. St. Pierre		9,460
Thomas George		9,380
Chief of Police:		
Dwan Bowser		47,450
	<u>\$</u>	<u>128,090</u>

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED APRIL 30, 2021

Agency Head Name/Title: Mayor Patrick St. Pierre

<u>Purpose</u>		<u>Amount</u>
Salary	\$	33,500
Benefits - insurance		17,807
Benefits - retirement		5,109
Benefits – short term disability		49
Special meals		1,217
Telephone Expense		1,079
Mileage		7,616
Other		400
Total	\$	<u>66,777</u>

TOWN OF LUTCHER
Lutcher, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
FOR THE YEAR ENDED APRIL 30, 2021

	<u>First Six Month Period Ended 10/31/20</u>	<u>Second Six Month Period Ended 4/30/21</u>
Beginning Balance of Amounts Collected	\$ -	\$ -
Add Collections:		
<i>Criminal Fines - Other</i>	1,679	82
Subtotal Collections	1,679	82
Less Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency: <i>Criminal Fines - Other</i>	1,679	82
Subtotal Disbursements/Retainage	1,679	82
Ending Balance of Amounts Collected but Not Disbursed	\$ -	\$ -

PERFORMANCE AND STATISTICAL DATA

TOWN OF LUTCHER
Lutcher, Louisiana

INSURANCE-IN-FORCE
April 30, 2021
(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
General Liability (business, auto, crime, law enforcement & public officials)	Risk Management, Inc.	May 1, 2022	\$ 2,000,000
Boiler & Machinery Equip.	Rod Prejean & Assoc.	May 1, 2022	\$ 3,478,761
Public Officials Bond	Rod Prejean & Assoc.	January 24, 2022	\$ 10,000
Commercial Property	Englade Boudreaux	June 12, 2022	\$ 3,415,979
FHA Bond	Rod Prejean & Assoc.	January 27, 2022	\$ 70,000
Governmental Crime Policy	Rod Prejean & Assoc.	March 23, 2022	\$ 10,000
Vehicle Physical Damage	Rod Prejean & Assoc.	May 1, 2022	\$ 162,089
Water Intake Structure Inland Marine	Englade Boudreaux	November 15, 2021	\$470,000
Workers Compensation	Risk Management, Inc.	May 1, 2022	\$700,000

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2021
(Without Audit)

Statistics on System Operations

- (a) As of April 30, 2021 the number of metered customers was 1,383 and 1,282 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2021.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2021 for water and sewer services:

(1) Water

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

Residential Customers

0 – 2,500 gallons	\$19.29 (base rate)
Over 2,500 gallons	\$3.99 per 1,000 gallons or fraction thereof

Small Commercial Customers

0 – 5,000 gallons	\$43.49 (base rate)
Over 5,000 gallons	\$3.99 per 1,000 gallons or fraction thereof

Medium Commercial Customers

0 – 10,000 gallons	\$60.00 (base rate)
Over 10,000 gallons	\$3.99 per 1,000 gallons or fraction thereof

Large Commercial Customers

0 – 25,000 gallons	\$76.50 (base rate)
Over 25,000 gallons	\$3.99 per 1,000 gallons or fraction thereof

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS
APRIL 30, 2021
(Without Audit)

Statistics on System Operations (continued)

(2) Sewer

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

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

(c) Average monthly billing per customer during the year ended April 30, 2021:

1. Water	\$ <u>34.10</u>
2. Sewer	\$ <u>18.95</u>



215 Saint Patrick St. – Donaldsonville, LA 70346
225-473-4179 Phone – 225-473-7204 Fax –
pncpa.com

A Professional Accounting Corporation

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

We have audited the financial statements of the Town of Lutcher for the year ended April 30, 2021, and have issued our report thereon dated October 22, 2021. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

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

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

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated October 22, 2021, on the financial statements of the Town of Lutcher or the Town's internal control over financial reporting.



ML-2021-001

Internal Control

Condition:

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

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

Recommendations:

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

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

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 22, 2021

Status of Prior Year Management Letter Comments

ML-2020-001 RedFlex Collections

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

Current Status: Resolved.

ML-2020-002 Internal Control

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

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

Current Status: A similar issue is reported as ML-2021-001.

ML-2020-003 Ad Valorem Collections

Condition: Controls relating to the collection and recognition of revenue received from Ad Valorem collections could be strengthened to ensure that the revenues are allocated to the appropriate funds based on the assessed millage.

Current Status: Resolved.



Mayor
Patrick P. St. Pierre

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

Town of Lutcher

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



Town Clerk
Vanessa C. Roussel

Town Attorney
Wilbur W. Reynaud

Chief of Police
Dwan B. Bowser

October 22, 2021

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

The purpose of this communication is to respond to issues included in the management letter for the audit period which ended April 30, 2021

ML 2021-001 Internal Controls

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

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

Page 2
October 22, 2021

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

Sincerely,



Patrick St. Pierre
Mayor



Vanessa C. Roussel, LMMC
Town Clerk