

TOWN OF LAKE PROVIDENCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF LAKE PROVIDENCE, LOUISIANA

For the Year Ended June 30, 2020
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TOWN OF LAKE PROVIDENCE, LOUISIANA

For the Year Ended June 30, 2020

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J. WALKER & COMPANY^{APC}

— ACCOUNTANTS AND ADVISORS —

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, of the Town of Lake Providence, Louisiana (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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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, of the Town as of June 30, 2020, 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.

Emphasis-of-Matter

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

The accompanying financial statements have been prepared assuming that the Town of Lake Providence, Louisiana, will continue as a going concern. As discussed in Note 11 to the financial statements, the Town has suffered significant reductions in revenues, has a significant deficiency in change in net position, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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



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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the Town of Lake Providence, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lake Providence, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lake Providence, Louisiana's internal control over financial reporting and compliance.

J. Walker & Company, APC

Lake Charles, Louisiana

September 28, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF LAKE PROVIDENCE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

Our discussion and analysis of the Town of Lake Providence, Louisiana (the Town) provides an overview of the Town's activities for the year ended June 30, 2020. Please read it in conjunction with the Town's financial statements.

USING THIS ANNUAL REPORT

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

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

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

THE TOWN AS A WHOLE

At June 30, 2020, net position was as follows:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2019	2019
<u>ASSETS</u>						
Current and other assets	\$ 785,728	\$ 854,665	\$ 746,380	\$ 836,924	\$ 1,532,108	\$ 1,691,589
Capital assets	3,801,164	3,264,832	5,982,480	6,319,775	9,783,644	9,584,607
TOTAL ASSETS	4,586,892	4,119,497	6,728,860	7,156,699	11,315,752	11,276,196
Deferred outflows-pension related	20,250	27,647	76,179	104,006	96,429	131,653
<u>LIABILITIES</u>						
Current and other liabilities	76,168	235,873	181,239	213,175	257,407	449,048
Long-term liabilities	401,035	427,271	2,854,483	2,950,713	3,255,518	3,377,984
TOTAL LIABILITIES	477,203	663,144	3,035,722	3,163,888	3,512,925	3,827,032
Deferred inflows-pension related	11,747	7,586	44,193	28,537	55,940	36,123
<u>NET POSITION</u>						
Net investment in capital assets	3,492,018	2,950,416	3,429,785	3,709,135	6,921,803	6,659,551
Restricted	497,369	536,211	436,559	427,272	933,928	963,483
Unrestricted	128,805	5,351	(141,220)	(68,127)	(12,415)	(62,776)
TOTAL NET POSITION	\$ 4,118,192	\$ 3,491,978	\$ 3,725,124	\$ 4,068,280	\$ 7,843,316	\$ 7,560,258

Net position of the Town's governmental activities increased 18 percent during the year ended June 30,

TOWN OF LAKE PROVIDENCE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

2020. Unrestricted net position, the part that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, changed from \$5,351 to \$128,805. The increase is due to decreased restrictions on cash and cash equivalents. Ordinary expenses increased from \$1,406,943 to \$1,733,559.

Net position of the business-type activities decreased from \$4,068,280 to \$3,725,124. The decrease is primarily due to changes in operating expenses. Ordinary expenses increased from \$1,395,298 to \$1,539,275.

For the year ended June 30, 2020, net position changed as follows:

	Change in Net Position					
	2020		2019		2018	
	2020	2019	2020	2019	2020	2019
	Governmental Activities		Business-type Activities		Total	
Program Revenues:						
Charges for Services	\$ 354,547	\$ 297,171	\$ 1,267,248	\$ 1,251,222	\$ 1,621,795	\$ 1,548,393
Operating grants and contributions	196,187	52,322	-	-	196,187	52,322
Capital grants and contributions	713,018	298,957	-	-	713,018	298,957
General Revenues:						
Property Taxes	231,309	236,728	-	-	231,309	236,728
Sales and use taxes	267,385	249,531	268,559	251,101	535,944	500,632
Franchise Taxes	90,171	-	-	-	90,171	-
Other taxes, penalties and interest	500	90,946	148	-	648	90,946
Unrestricted investment earnings	69,277	2,130	-	859	69,277	2,989
Other	97,543	49,242	-	-	97,543	49,242
Total Revenues	2,019,937	1,277,027	1,535,955	1,503,182	3,555,892	2,780,209
Governmental Activities						
General government	711,208	348,370	-	-	711,208	348,370
Public safety	560,160	625,396	-	-	560,160	625,396
Highways and Streets	394,674	372,430	-	-	394,674	372,430
Health and welfare	-	-	-	-	-	-
Culture and Recreation	54,483	47,268	-	-	54,483	47,268
Interest expenses	13,034	13,479	129,281	112,368	142,315	125,847
Business-type activities	-	-	-	-	-	-
Utilities	-	-	1,409,994	1,282,930	1,409,994	1,282,930
Total Expenditures	1,733,559	1,406,943	1,539,275	1,395,298	3,272,834	2,802,241
Increase (Decrease) in net position before transfers						
	286,378	(129,916)	(3,320)	107,884	283,058	(22,032)
Transfers	339,836	307,468	(339,836)	(307,468)	-	-
NET CHANGE IN NET POSITIONS	626,214	177,552	(343,156)	(199,584)	283,058	(22,032)
Net Position, Beginning	3,491,978	3,314,426	4,068,280	4,267,864	7,560,258	7,582,290
Net Position, Ending	\$ 4,118,192	\$ 3,491,978	\$ 3,725,124	\$ 4,068,280	\$ 7,843,316	\$ 7,560,258

TOWN OF LAKE PROVIDENCE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

As of June 30, 2020, none of the Town's funds have a deficit balance. The General Fund has a fund balance of \$706,685 which is an increase of approximately 14% from prior year.

BUDGETARY HIGHLIGHTS

During the year, in the General Fund, there was a \$267,393 increase in anticipated revenues. It was due primarily to increases in intergovernmental revenues and investment income. Anticipated expenditures increased by \$262,446 primarily due to increases in general government, police department highways and streets, and culture and recreation.

CAPITAL ASSET AND DEBIT ADMINISTRATION

Capital Assets

As of June 30, 2020, the Town's investment in capital assets for its governmental and business-type activities amounts to \$9,783,643 (net of accumulated depreciation). This investment includes the land, buildings and improvements, streets, vehicles, furniture and equipment.

This year's additions of \$713,018 spent on Town's FY 2018 Louisiana Community Development Block Grant (LCDBG) Public Facilities Program. Depreciation expense for governmental and business-type activities was \$176,686 and \$52,326, respectively.

Debt

At year end, the Town had a total of \$309,146 in general obligation bonds and \$2,552,696 in revenue bonds outstanding. The bonds bear interest between 4.125%, 2.34% and 4.25%. There is one issue of general obligation bonds and one issue of revenue bonds. The bonds are due to mature in 2049 and 2043, respectively. The funds were used to finance the cost of the construction of extensions, improvements, and additions to the existing waterworks and sewer systems of the Town.

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

- Net pension liability - \$380,218
- Compensated absences payable - \$13,459

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS :
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF LAKE PROVIDENCE, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 232,008	\$ 118,799	\$ 350,807
Cash and cash equivalents - restricted	497,369	436,559	933,928
Receivables, net of allowance for uncollectible	40,587	206,786	247,373
Internal balance	15,764	(15,764)	-
Capital assets not being depreciated	218,340	61,545	279,885
Capital assets, net of accumulated depreciation	3,582,824	5,920,935	9,503,759
TOTAL ASSETS	4,586,892	6,728,860	11,315,752
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	20,250	76,179	96,429
LIABILITIES			
Cash overdraft	5,258	-	5,258
Accounts payable and accrued expenses	16,171	35,711	51,882
Payroll and related liabilities	26,594	6,073	32,667
Accrued liabilities	28,145	-	28,145
Customer deposits payable	-	139,455	139,455
Long-term liabilities:			
Due within one year	5,448	65,602	71,050
Due in more than one year	303,698	2,487,093	2,790,791
Compensated absences payable	12,043	1,416	13,459
Net pension liability	79,846	300,372	380,218
TOTAL LIABILITIES	477,203	3,035,722	3,512,925
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	11,747	44,193	55,940
NET POSITION			
Net investment in capital assets	3,492,018	3,429,785	6,921,803
Restricted	497,369	436,559	933,928
Unrestricted (deficit)	128,805	(141,220)	(12,415)
TOTAL NET POSITION	\$ 4,118,192	\$ 3,725,124	\$ 7,843,316

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

**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS**

TOWN OF LAKE PROVIDENCE, LOUISIANA

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	<u>General Fund</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 229,133	\$ 2,875	\$ 232,008
Cash and cash equivalents - restricted	497,369	-	497,369
Receivables, net	40,587	-	40,587
Due from utility fund	<u>15,764</u>	<u>-</u>	<u>15,764</u>
Total Assets	<u>782,853</u>	<u>2,875</u>	<u>785,728</u>
LIABILITIES			
Overdraft cash	5,258	-	5,258
Accounts payable	16,171	-	16,171
Payroll and related liabilities	26,594	-	26,594
Accrued liabilities	<u>28,145</u>	<u>-</u>	<u>28,145</u>
Total Liabilities	<u>76,168</u>	<u>-</u>	<u>76,168</u>
FUND BALANCES			
Restricted	497,369	2,875	500,244
Unassigned	<u>209,316</u>	<u>-</u>	<u>209,316</u>
Total Fund Balances	<u>706,685</u>	<u>2,875</u>	<u>709,560</u>
Total Liabilities and Fund Balances	<u><u>\$ 782,853</u></u>	<u><u>\$ 2,875</u></u>	<u><u>\$ 785,728</u></u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

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

Total fund balances for governmental funds	\$	709,560
Capital assets used in governmental activities are not financial resources and therefore, are deferred in the funds		3,801,164
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Deferred outflows - pension related		20,250
Deferred inflows - pension related		(11,747)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable		(309,146)
Compensated absences payable		(12,043)
Net pension liability		<u>(79,846)</u>
Total net position of governmental activities	\$	<u><u>4,118,192</u></u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

	General Fund	Capital Project	Total Governmental Funds
Revenues:			
Taxes			
Ad valorem	\$ 231,309	-	\$ 231,309
Sales and use	267,385	-	267,385
Franchise	90,171	-	90,171
Other taxes, penalties and interest	500	-	500
Licenses and permits	114,712	-	114,712
Intergovernmental			
Supplemental pay	36,000	-	36,000
Local governmental assistance program and grants	160,187	64,200	224,387
LCDBG grant	-	648,818	648,818
Charges for services	1,900	-	1,900
Fines and forfeits	237,935	-	237,935
Lease income	10,600	-	10,600
Interest income	69,277	-	69,277
Miscellaneous revenues	86,943	-	86,943
Total revenues	1,306,919	713,018	2,019,937
Expenditures:			
Current:			
General government	679,812	-	679,812
Public safety:			
Police Department	413,463	-	413,463
Fire Department	137,413	-	137,413
Animal Control	837	-	837
Highways and streets	272,934	-	272,934
Culture and recreation	33,223	-	33,223
Debt Services			
Principal	5,271	-	5,271
Interest and others	13,034	-	13,034
Capital Outlay	-	713,018	713,018
Total expenditures	1,555,987	713,018	2,269,005
Excess (deficiency) of revenues over (under) expenditures	(249,068)	-	(249,068)
Other Financial Sources (Uses):			
Transfer out	-	-	-
Transfer In	339,836	-	339,836
Net Change in Fund Balance	90,768	-	90,768
Fund balances, beginning	615,917	2,875	618,792
Fund balances, ending	\$ 706,685	\$ 2,875	\$ 709,560

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

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

Net changes in fund balances - total governmental funds	\$	90,768
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital outlays		713,018
Depreciation		(176,686)
<p>The liability and expense for compensated absences are not reported in governmental funds. Instead, payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources and it would take a current liability catastrophic event for this liability to become a current liability.</p>		
		(4,353)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Payments on debt		5,271
Pension expense		(4,210)
Nonemployee contributions to pension plan		<u>2,406</u>
Change in net position of governmental activities	\$	<u><u>626,214</u></u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020**

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 118,799
Receivables, net	<u>206,786</u>
Total current assets	<u>325,585</u>
Noncurrent assets:	
Restricted cash and cash equivalents	436,559
Capital assets, net of depreciation	<u>5,982,480</u>
Total noncurrent assets	<u>6,419,039</u>
Total assets	<u>6,744,624</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>76,179</u>
LIABILITIES	
Current liabilities :	
Accounts payable	35,711
Payroll and related liabilities	6,073
Due to other fund	15,764
Current portion of long-term debt	65,602
Customer deposits payable	<u>139,455</u>
Total current liabilities	<u>262,605</u>
Noncurrent liabilities:	
Compensated absences payable	1,416
Revenue bonds payable	2,487,093
Net pension liability	<u>300,372</u>
Total noncurrent liabilities	<u>2,788,881</u>
Total liabilities	<u>3,051,486</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>44,193</u>
NET POSITION	
Net investment in capital assets	3,429,785
Restricted	436,559
Unrestricted (deficit)	<u>(141,220)</u>
Total Net position	<u>\$ 3,725,124</u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2020**

Operating revenues:	
Charges for sales and services:	
Water charges	\$ 582,728
Sewer charges	247,307
Lakeside sewer district fees	76,693
Garbage charges	216,779
Street light charges	63,166
Other operating revenue	<u>80,575</u>
Total operating revenues	<u>1,267,248</u>
Operating expenses:	
General and administrative:	
Salaries and related benefits	89,418
Materials and supplies	1,773
Operating costs	52,494
Professional services	23,935
Water department:	
Water salaries and related benefits	67,584
Water materials and supplies	41,179
Water operating costs	200,928
Water professional services	51,732
Water depreciation	206,530
Sewer department:	
Sewer salaries and related benefits	49,971
Sewer materials and supplies	7,413
Sewer operating costs	219,510
Sewer professional services	15,476
Sewer depreciation	119,077
Sanitation department:	
Sanitation salaries and related benefits	62,203
Sanitation materials and supplies	865
Sanitation operating costs	99,185
Sanitation depreciation	25,653
Street lighting expense	<u>75,068</u>
Total operating expenses	<u>1,409,994</u>
Operating income (loss)	<u>(142,746)</u>
Nonoperating revenues (expenses):	
Sales and use taxes	268,559
Interest income	148
Interest expense	<u>(129,281)</u>
Total Nonoperating revenues (expenses)	<u>139,426</u>
Income (loss) before transfers	(3,320)
Transfers out	<u>(339,836)</u>
Change in net position	(343,156)
Net position, beginning	<u>4,068,280</u>
Net position, ending	<u>\$ 3,725,124</u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	<u>Utility Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,116,261
Cash paid for employee services and benefits	(269,176)
Payments to suppliers	<u>(698,405)</u>
Net cash provided (used) by operating activities	<u>148,680</u>
Cash flows from noncapital financing activities:	
Due to other funds	15,764
Transfers out	(339,836)
Sales tax receipts	<u>268,559</u>
Net cash provided (used) by noncapital activities	<u>(55,513)</u>
Cash flows from investing activities	
Earnings on investments	<u>148</u>
Net cash provided (used) by investing activities	<u>148</u>
Cash flows from capital and related financing activities:	
Principal payment bonds	(57,945)
Interest expense	<u>(129,281)</u>
Net cash provided (used) for capital and related financing activities	<u>(187,226)</u>
Net increase in cash and cash equivalents	(93,911)
Cash and cash equivalents, beginning of period	<u>649,269</u>
Cash and cash equivalents, end of period	<u>\$ 555,358</u>

(Continued)

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

STATEMENT OF CASH FLOWS (CONTINUED)

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	<u>Utility Fund</u>
Reconciliation of operating income(loss) to net cash Provided (used) by operating activities:	
Operating income (loss)	\$ (142,746)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	337,296
Pension related	6,796
(Increase) decrease in accounts receivable	(19,131)
Increase (decrease) in accounts payable	(32,526)
Increase (decrease) in payroll and related liabilities	(1,407)
Increase (decrease) in compensated absences	(1,599)
Increase (decrease) in customer deposits payable	<u>1,997</u>
Net cash provided (used) by operating activities	<u>\$ 148,680</u>

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Note 1 - Summary of Significant Accounting Policies

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

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

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary funds as of and for the year ended June 30, 2020.

Financial Reporting Entity

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

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

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

Under provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The Town has no component units.

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

Basis of Presentation

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Cash and Investments

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

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

Receivables and Payables

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Town in September or October, are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Town bills and collects its own property taxes using the assessed value determined by the assessor of East Carroll Parish and approved by the State of Louisiana Tax Commission. However, taxes that are received after more than 60 days after year end, will be recorded as deferred revenue at year end as they are not available. For the year ended June 30, 2020, taxes of 17.12 mills were levied on property with assessed valuations totaling \$6,096,172 as follows:

	Authorized Millage	Levied Millage	Expiration Date
General	11.34	11.34	Indefinite
Fire	3.21	3.21	2027
Police	2.57	2.57	2027

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

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TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Nutrien AG Solutions, Inc.	1,522,225	12%	10,452
Entergy Louisiana, Inc.	1,167,140	10%	7,699
Delta Bank	895,224	7%	15,326
Lansing Louisiana, LLC	858,625	7%	14,700
Atmos Energy Corporation	453,930	4%	6,104
Capital One, N.A.	308,802	3%	5,287
Bell South Telecommunications	267,960	2%	1,215
Jongs, Inc.	210,617	2%	3,606
Bell South Telecommunications	267,960	2%	1,215
Baker Darrell L. & Melissa B.	74,930	1%	1,097
Carroll Oil, Inc.	68,759	1%	1,177
Totals	<u>\$ 6,096,172</u>	<u>50%</u>	<u>\$ 67,879</u>

Voters of the Town authorized a one percent sales and use tax at a special election held November 3, 1998. On July 19, 2008, the tax was approved for an additional ten years from January 1, 2009. On April 28, 2018, the tax was approved for an additional ten years from January 1, 2019. The tax is to be used for the purpose of constructing, acquiring, improving, extending, operating, and/or maintaining the Town's sewer system and water works facilities and improvements. An additional one percent sales and use tax was approved by the voters on January 15, 2005, for a period of ten years. On November 4, 2014, voters

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated absences

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

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

Long-Term Obligations

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

Fund Balance Classifications and Net Position

Fund balances are reported under the following fund balance classifications:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or are legally or contractually required to be maintained intact.
Restricted	Includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes amounts that can only be used for specific purposes pursuant to constraints that are internally imposed by the government through formal action of the Town Council and does not lapse at year-end.
Assigned	Includes amounts that are constrained by the Council's intent to be used for specific purposes that are neither considered restricted nor committed.
Unassigned	Includes amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

Net investment in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations. The Town first uses restricted net position for expenses incurred when both restricted and unrestricted net position are available for use. The use of restricted net position may be deferred based on a review of the specific transaction.

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

Reconciliation of Government-wide and Fund Financial Statements

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Budgets

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

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

Use of estimates

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

Note 2 - Cash and Cash Equivalents and Investments

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

On June 30, 2020, the Town has cash and cash equivalents (book balances) totaling \$1,284,735 as follows:

Cash and cash equivalents - unrestricted:	
Demand deposits	\$ 314,355
Time deposits	36,030
Other	<u>423</u>
Total	<u>350,807</u>
Cash and cash equivalents - restricted:	
Demand deposits	436,559
Time deposits	<u>497,369</u>
Total	<u>933,928</u>
Total cash and cash equivalents	<u><u>\$ 1,284,735</u></u>

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

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2020, \$360,704 of Town's bank balances of \$1,332,004 was exposed to custodial credit risk as follows:

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

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TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 3 - Receivables.

The following is a summary of receivables on June 30, 2020:

	General	Utility Enterprise	Total
Receivables:			
Taxes:			
Sales and use taxes	\$ 29,982	\$ 29,982	\$ 59,964
Franchise taxes	935	-	935
Property taxes	9,670		
Accounts	-	510,195	510,195
Other	-	4,679	4,679
Gross receivables	40,587	545,619	586,206
Less allowance for uncollectible	-	(338,833)	(338,833)
Net total receivables	\$ 40,587	\$ 206,786	\$ 247,373

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TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020

Note 4 - Capital Assets

A schedule of changes in capital assets for the year ended June 30, 2020, follows:

	Balance <u>07/1/2019</u>	Increases	Decreases	Balance <u>06/30/2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 218,340	\$ -	\$ -	\$ 218,340
Construction in Progress	<u>342,307</u>	-	<u>342,307</u>	-
Total capital assets not being depreciated	<u>560,647</u>	-	<u>342,307</u>	<u>218,340</u>
Capital assets being depreciated:				
Infrastructure	3,976,388	1,055,325	-	5,031,713
Buildings	778,257	-	-	778,257
Building improvements	792,411	-	-	792,411
Furniture and equipment	354,322	-	-	354,322
Vehicles	<u>728,419</u>	-	-	<u>728,419</u>
Total capital assets being depreciated	<u>6,629,797</u>	<u>1,055,325</u>	-	<u>7,685,122</u>
Less accumulated depreciation for:				
Infrastructure	2,130,772	99,384	-	2,230,156
Buildings	317,463	18,345	-	335,808
Building improvements	448,427	30,293	-	478,720
Furniture and equipment	329,039	17,614	-	346,653
Vehicles	<u>699,911</u>	<u>11,050</u>	-	<u>710,961</u>
Total accumulated depreciation	<u>3,925,612</u>	<u>176,686</u>	-	<u>4,102,298</u>
Total capital assets being depreciated	<u>2,704,185</u>	<u>878,639</u>	-	<u>3,582,824</u>
Governmental activities, capital assets, net	<u>\$ 3,264,832</u>	<u>\$ 878,639</u>	<u>\$ 342,307</u>	<u>\$ 3,801,164</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 4 - Capital Assets (continued)

	Balance 07/1/2019	Increases	Decreases	Balance 06/30/2020
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 61,545	\$ -	\$ -	\$ 61,545
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>61,545</u>	<u>-</u>	<u>-</u>	<u>61,545</u>
Capital assets being depreciated:				
Infrastructure	11,511,683	-	-	11,511,683
Buildings	148,906	-	-	148,906
Building improvements	23,689	-	-	23,689
Furniture and equipment	309,008	-	-	309,008
Vehicles	<u>360,293</u>	<u>-</u>	<u>-</u>	<u>360,293</u>
Total capital assets being depreciated	<u>12,353,579</u>	<u>-</u>	<u>-</u>	<u>12,353,579</u>
Less accumulated depreciation for:				
Infrastructure	5,346,245	323,952	-	5,670,197
Buildings	83,830	2,931	-	86,761
Building improvements	23,567	35	-	23,602
Furniture and equipment	285,219	8,526	-	293,745
Vehicles	<u>356,487</u>	<u>1,852</u>	<u>-</u>	<u>358,339</u>
Total accumulated depreciation	<u>6,095,348</u>	<u>337,296</u>	<u>-</u>	<u>6,432,644</u>
Total capital assets being depreciated	<u>6,258,231</u>	<u>(337,296)</u>	<u>-</u>	<u>5,920,935</u>
Governmental activities, capital assets, net	<u>\$ 6,319,776</u>	<u>\$ (337,296)</u>	<u>\$ -</u>	<u>\$ 5,982,480</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Depreciation expense was charged as follows:

Government activities:	
General Government	\$ 25,239
Public safety	8,447
Highways and streets	121,740
Culture and recreation	<u>21,260</u>
Total	<u>\$ 176,686</u>
Business-type activities:	
Water	\$ 115,513
Sewer	<u>221,783</u>
Total	<u>\$ 337,296</u>

Note 5 – Interfund Transfers

During the year ended June 30, 2020, the Utility Fund transferred \$339,836 to the General Fund to subsidize operations...

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

Note 6 - Long-Term Obligations

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

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TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Bonds payable on June 30, 2020, are comprised of the following issues:

USDA Community Center Project Bond:

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

\$ 309,146

Utility Revenue Bonds:

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

2,552,695

Total Reporting Entity

\$ 2,861,841

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Additions	Deletions	Ending Balances	Amounts Due Within
<u>Governmental Activities:</u>					
Long-term debt:					
Bonds payable	\$ 314,378	\$ -	\$ (5,232)	\$ 309,146	\$ 5,448
Compensated absences	7,690	4,353	-	12,043	-
Net Pension Liability - MERS	89,600	-	(9,754)	79,846	-
Governmental activity long-term liabilities	<u>\$ 411,668</u>	<u>\$ 4,353</u>	<u>\$ (14,986)</u>	<u>\$ 401,035</u>	<u>\$ 5,448</u>
<u>Business-type Activities:</u>					
Revenue bonds payable	\$ 2,610,640	\$ -	\$ (57,945)	\$ 2,552,695	\$65,602
Compensated absences	9,901	-	(8,485)	1,416	-
Net Pension Liability - MERS	337,068	-	(36,696)	300,372	-
Business-type activity long-term liabilities	<u>\$ 2,957,609</u>	<u>\$ -</u>	<u>\$ (103,126)</u>	<u>\$ 2,854,483</u>	<u>\$65,602</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	USDA Community Center Project Bond		Utility Revenue Bond			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 5,448	\$ 13,034	\$ 65,602	\$ 107,221	\$ 71,050	\$ 120,255
2022	5,695	12,797	68,446	104,378	74,141	117,175
2023	5,942	12,550	71,412	101,412	77,354	113,962
2024	6,199	12,293	74,507	98,317	80,706	110,610
2025	6,468	12,024	77,736	95,088	84,204	107,112
2026-2030	36,795	55,665	442,228	421,892	479,023	477,557
2031-2035	45,490	46,970	546,728	317,392	592,218	364,362
2036-2040	56,239	36,221	675,920	188,200	732,159	224,421
2041-2045	69,528	22,932	530,116	38,871	599,644	61,803
2046-2050	71,342	6,717	-	-	71,342	6,717
Totals	<u>\$ 309,146</u>	<u>\$ 231,203</u>	<u>\$ 2,552,695</u>	<u>\$ 1,472,771</u>	<u>\$ 2,861,841</u>	<u>\$ 1,703,974</u>

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

Interest expense for governmental activities and business-type activities for the year ended June 30, 2020, totaled \$13, 034 and \$116, 247 respectively.

Note 7 – Pension Plan

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description

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

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

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

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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

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

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

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

For the year ended June 30, 2020, the Town of Lake Providence's total payroll for all employees was \$847,455. Total covered payroll was \$237,176. Covered payroll refers to all compensation paid by the Town of Lake Providence to active employees covered by the Plan.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2020, the actual employer contribution rate was 14% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Lake Providence to the System monthly. The Town of Lake Providence's contributions to the System under Plan B for the year ending June 30, 2020, were \$46,516.

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

On June 30, 2020, the Town reported a liability of \$380,218 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

date. The Town of Lake Providence's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. On June 30, 2020, the Town's proportion was 0.434627%, which was a decrease of 0.069809% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Town of Lake Providence recognized pension expense of \$82,134 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and current year contributions, which was (\$27,571). Total pension expense for the Town of Lake Providence for the year ended June 30, 2020, was \$54,563.

On June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources:	Deferred Inflows of Resources:
Differences between expected and actual experience	\$ -	\$ 16,864
Net difference between projected and actual investment earnings on pension plan investments	40,046	-
Changes of assumptions	23,178	-
Changes in proportion	-	39,076
Employer contributions subsequent to the measurement date	33,205	-
Total	\$ 96,429	\$ 55,940

The \$33,205 reported as deferred outflows of resources related to pensions resulting from the Town of Lake Providence's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows

Year ending June 30:	
2020	\$ 2,299
2021	(3,827)
2022	5,332
2023	3,479
Total	\$ 7,283

Actuarial Assumptions

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Expected remaining service	3 years
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
Salary increase, including inflation and merit increases:	
1-4 year of service	7.4% Plan B
More than 4 years of service	4.9% Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the years ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the Town of Lake Providence's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Town of Lake Providence's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6 %) or one percentage-point higher (8 %) than the current rate:

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
Discount Rates	6.000%	7.000%	8.000%
Net Pension Liability	\$506,732	\$380,218	\$273,220

Payables to the System

At June 30, 2020, the Town payables to the pension plan were \$0.

Plan Fiduciary Net Position

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 8 – On-behalf Payments

Certain employees in the Town's police and fire departments receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$36,000. The related expenditures of \$36,000 are included in public safety expenditures in the General Fund.

Note 9 - Commitments and Contingencies

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

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

Note 10 - Risk Management

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

Note 11 – Going Concern and Plan of Action

During the year ended June 30, 2020, the General Fund's expenditures exceeded its revenues by \$249,068 or 19%. The Town transferred \$339,836 from the Town's Utility Fund to supplement the General Fund. Utility Fund revenues, while not restricted by law, should be retained by the Utility Fund to provide for repairs and maintenance and upgrades to the utility systems' infrastructure and equipment. That transfer represents 22% of total General Fund expenditures, 22% of Utility Fund revenues, and 22% of Utility Fund expenditures. General Fund expenditures should be financed by unrestricted funds intended for the functions accounted for in the General Fund. Budgeted expenditures in the General Fund should be limited to expected revenues and other sources.

During the past five years, the Town has transferred \$1,973,154 from the Utility Fund to the General Fund. During the past ten years, transfers totaled \$3,412,521. As a result of the transfers, as of June 30, 2020, the Utility Fund has an unrestricted deficit net position of \$141,220. This means that the equity position that the Town could use to fund operations and future costs is in a negative position. If the transfers continue, the deficit will likely grow and reach a point where the Utility Fund can no longer sustain the General Fund and utility systems. Further, if major repairs to the utility systems become necessary, the Town may not have funds available. As of June 30, 2020, the Utility Fund had only \$118,799 in cash that could be used to fund operations.

TOWN OF LAKE PROVIDENCE, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 11 – Going Concern and Plan of Action (continued)

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

Note 12 – Subsequent Events

Management evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through September 28, 2021, the date which the financial statements were available to be issued and determined the following subsequent event requires disclosure.

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LAKE PROVIDENCE, LOUISIANA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Fines	\$ 252,000	\$ 246,000	\$ 237,935	\$ (8,065)
Taxes	540,943	554,955	589,365	34,410
Permits & Licenses	125,949	86,301	114,712	28,411
Interest Income	979	203	69,277	69,074
Grant/Loan Income	35,000	35,000	160,187	125,187
Other	52,170	117,067	135,443	18,376
Total Revenues	<u>1,007,041</u>	<u>1,039,526</u>	<u>1,306,919</u>	<u>267,393</u>
Expenditures				
General & Administrative	347,461	437,205	698,117	(260,912)
Fire Department	161,196	141,830	137,413	4,417
Police Department	448,214	394,102	413,463	(19,361)
Street Department	241,104	252,009	272,934	(20,925)
Recreation Department	2,800	225	200	25
Mosquito Control	2,000	-	-	-
Animal Control	1,000	746	837	(91)
Community Center	41,170	32,000	33,023	(1,023)
LGAP	35,000	35,000	-	35,000
Training	2,000	424	-	424
Total Expenditures	<u>1,281,945</u>	<u>1,293,541</u>	<u>1,555,987</u>	<u>(262,446)</u>
Excess of Revenues over Expenditures	(274,904)	(254,015)	(249,068)	4,947
Other Financing Sources (Uses)				
Transfers In	290,000	290,000	339,836	49,836
Net Change in Fund Balance	15,096	35,985	90,768	(54,783)
Budgetary Fund Balances, Beginning	595,071	595,071	615,917	20,846
Budgetary Fund Balances, Ending	<u>\$ 610,167</u>	<u>\$ 631,056</u>	<u>\$ 706,685</u>	<u>\$ 75,629</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM
For the Year Ended June 30, 2020**

	2020*	2019*	2018*	2017*	2016*
Employer's proportion of the net pension liability	0.434627%	0.504436%	0.515774%	0.539005%	0.576966%
Employer's proportionate share of the net pension liability	\$ 380,218	\$ 426,668	\$ 446,265	\$ 446,786	\$ 392,133
Employer's covered employee payroll	\$ 332,013	\$ 374,847	\$ 382,990	\$ 396,007	\$ 400,327
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	114.52%	113.82%	116.52%	112.82%	97.95%
Plan fiduciary net position as a percentage of the total pension liability	66.14%	65.60%	63.49%	63.34%	66.18%

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

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

TOWN OF LAKE PROVIDENCE, LOUISIANA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM
For the Year Ended June 30, 2020

	2020*	2019*	2018*	2017*	2016*
Contractually required contribution	\$ 33,205	\$ 45,195	\$ 49,771	\$ 42,129	\$ 37,621
Contributions in relation to contractually required contribution	<u>33,205</u>	<u>45,195</u>	<u>(49,771)</u>	<u>(42,129)</u>	<u>(37,621)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 237,176	\$ 332,013	\$ 374,847	\$ 382,990	\$ 396,007
Contributions as a percentage of covered employee payroll	14.00%	13.61%	13.28%	11.00%	9.50%

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

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF LAKE PROVIDENCE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended June 30, 2020

Agency Head Name: Jerry Bell, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 45,000
Benefits - Retirement	<u>7,221</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 52,221</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO ALDERMEN
For the Year Ended June 30, 2020

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

**SCHEDULE OF ALDERMEN
For the Year Ended June 30, 2020**

Name	Address	Phone
Jason Condrey	468 N. Hood St., Lake Providence, LA 71254	318-282-8957
Barbara McDaniel	269 Keene St., Lake Providence, LA 71254	318-418-1870
Nathaniel Madere, Mayor Pro-temp	401 Lake St., Lake Providence, LA 71254	318-282-8561
Karl Magee	423 Schneider Lane, Lake Providence, LA 71245	318-282-1373
Donald B. Meadows	1604 Lake St., Lake Providence, LA 71245	318-282-8847

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF COUNT OF UTILITY CUSTOMERS

For the Year Ended June 30, 2020

Category	Average Number of Customers
Commercial	143
Residential	1,576
Total	1,719

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF UTILITY ACTIVITIES

For the Year Ended June 30, 2020

	<u>G&A</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Street Lighting</u>	<u>Total</u>
Operating Revenues						
Charges for services	\$ 76,904	\$ 582,728	\$ 324,000	\$ 216,779	\$ 63,166	\$ 1,263,577
Other revenues	<u>3,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,671</u>
Total operating revenues	<u>80,575</u>	<u>582,728</u>	<u>324,000</u>	<u>216,779</u>	<u>63,166</u>	<u>1,267,248</u>
Operating Expenses						
Salaries and benefits	89,418	67,584	49,971	62,203	-	269,176
Materials and supplies	1,773	41,179	7,413	865	-	51,230
Operating costs	52,494	200,928	219,510	99,185	75,068	647,185
Professional services	23,935	51,732	15,476	-	-	91,143
Depreciation	<u>-</u>	<u>206,530</u>	<u>119,077</u>	<u>25,653</u>	<u>-</u>	<u>351,260</u>
Total operating expense	<u>167,620</u>	<u>567,953</u>	<u>411,447</u>	<u>187,906</u>	<u>75,068</u>	<u>1,409,994</u>
Operating income (loss)	<u>(87,045)</u>	<u>14,775</u>	<u>(87,447)</u>	<u>28,873</u>	<u>(11,902)</u>	<u>(142,746)</u>
Nonoperating revenues (expenses)						
Sales and use	268,559		-	-	-	268,559
Interest earned	148	-	-	-	-	148
Interest payment	<u>(129,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,281)</u>
Total nonoperating revenue (expenses)	<u>139,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,426</u>
Income (loss) before transfers	52,381	14,775	(87,447)	28,873	(11,902)	(3,320)
Operating transfers in (out)	<u>(339,836)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(339,836)</u>
Change in net position	<u>\$ (287,455)</u>	<u>\$ 14,775</u>	<u>\$ (87,447)</u>	<u>\$ 28,873</u>	<u>\$ (11,902)</u>	<u>\$ (343,156)</u>

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

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

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

Honorable Jerry Bell, Mayor and
Members of the Board of Aldermen
Town of Lake Providence, 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, of the Town of Lake Providence, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Lake Providence, Louisiana's basic financial statements and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

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

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

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

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as items [2020-001, 2020-003, 2020-004, and 2020-005] that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lake Providence, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items [2020-001, and 2020-002].

Town of Lake Providence, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

September 28, 2021



TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

I Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Town of Lake Providence, Louisiana.
2. There were four control deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. The deficiencies are reported as material weaknesses.
3. There were two instances of noncompliance that are reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

b. Management Letter

1. Management letter was not issued in connection with the audit for the year ended June 30, 2020.

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

II Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2020-001 Noncompliance with Local Government Budget Act

Material Weakness, Noncompliance

Fiscal Year Finding Originated: 2019

Condition:

Management failed to adopt the Town’s 2019-2020 General Fund budget before the start of the current fiscal year as required by state law (Local Government Budget Act). R.S. 39:1309. and R.S. 33:406. A (3) requires the budget to be adopted by ordinance before July 1, 2019, the beginning of the Town’s fiscal year under audit.

Criteria:

The Local Government Budget Act requires that the chief executive officer or equivalent notify in writing the governing authority during the year when actual revenues (expenditures) and other financing sources (uses) plus projected revenues (expenditures) and other financing sources (uses) for the year exceeded budgeted revenues (expenditures) and other financing sources (uses) by 5% or more.

Cause:

There was no budget policy and procedure in effect on June 30, 2019. The budget policy was not completed and adopted by the board.

Effect:

The Town is in violation of the Local Government Budget Act.

Recommendation:

Management should strictly comply with all provisions of the Local Government Budget Act. The town’s annual budget should be adopted by ordinance before the beginning of each fiscal year (July 1) and the budget should contain all required information. All amendments to the budget are also required to be adopted by ordinance (R.S.33: 406.A 3).

Management's Response:

See Management's Response Letter.

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2020

2020-002 Late Submission of Audit Report to LLA

Noncompliance

Fiscal Year Finding Originated: 2019

Condition:

The report was not submitted to the legislative auditor's office on a timely basis.

Criteria:

LSA-R.S.24.513 States that, "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee fiscal year."

Cause:

A lack of knowledge of good accounting practices.

Effect:

The Town was not in compliance with the State Law governing audit engagement completion.

Recommendation:

The Town should remain in compliance with the State Law governing audit engagement completion. The audit engagement should be sought through the methods prescribed by the Louisiana Legislative Auditor. A firm should be selected, and approval of the Louisiana Legislative Auditor sought early enough to allow the audit to begin as soon after the close of the fiscal year as is practicable.

Management's Response:

See Management's Response Letter.

2020-003 Written Policies and Procedures Not Complete

Material Weakness

Fiscal Year Finding Originated: 2020

Condition:

The Town's written policies and procedures for its business/financial operations were not complete. Subsequent to year end numerous policies and procedures were being approved and placed into effect however, more areas should be addressed.

Criteria:

Written policies and procedures aid in the continuity of Town operations, good internal control and are necessary to provide a clear understanding of what should be done, how it should be done, who should

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2020

do it, and when it should be done. In addition, written policies and procedures aid in cross-training staff or training new staff.

Cause:

A lack of knowledge of good accounting practices.

Effect:

Inconsistent methods of accounting contributing to errors and inaccurate financial information.

Recommendation:

Management should require the town clerk to initiate and oversee the development and implementation of written policies and/or procedures, in accordance with applicable Louisiana laws, related to the following key areas:

- Ethics, including matters such as prohibited activities (e.g., related party transactions) and requiring that an annual certification letter be signed by the alderman and all employees attesting to their compliance with the ethics policy.
- Financial reporting process, including the nature, extent, and frequency of reporting financial information to aldermen.
- Disaster planning and recovery policies and procedures.
- Hazard mitigation plan.
- Policy regarding deficit spending.

All policies being developed should be completed, approved and placed into effect immediately and monitored and modified as necessary to assure accurate and consistent application. The website of the Louisiana Legislative Auditor should be consulted for sample policies and procedures and to aid in implementing necessary procedures to comply with state guidelines and laws. Once in place, the policies and procedures should be continually monitored for adherence.

Management's Response:

See Management's Response Letter

2020-004 Inadequate Controls over Financial Reporting

Material Weakness

Fiscal Year Finding Originated: 2020

Condition:

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2020

Financial statements are not prepared monthly on funds (e.g., General Fund, Business-like Activities) of the Town. Monthly budget-to-actual comparison schedules are not prepared and presented to the mayor and council for discussion.

Criteria:

Adequate internal controls in relation to financial reporting require that specific procedures be in place to ensure that transactions are properly supported and recorded on a timely basis. In addition, controls should be in place to ensure the appropriate oversight of funds and monthly transactions from those charged with governance. Monthly financial statements should be provided to the mayor and town council for review. The financial activity and comparison to budgeted amounts is necessary for the proper stewardship of the Town.

Management is responsible for establishing internal control policies and procedures that provide for proper accounting, reasonable assurance that assets are safeguarded against loss resulting from unauthorized use, and that transactions are executed in accordance with management's authorization.

Cause:

The Town did not maintain an adequate control environment due to lack of monitoring and oversight by those charged with governance. Monthly financial statements were not prepared for the mayor and town council during the audit period due to the accounting records not being current.

An internal control system was not designed and/or implemented to ensure that adequate controls were in place in all areas to prevent, detect, and correct noncompliance in a timely manner. Management of the Town was not seeking advice and reviewing transactions on a regular basis to ensure that financial related matters were in compliance.

Effect:

The lack of adequate internal controls relating to general ledger maintenance significantly increases the risk that material error and irregularities could exist and not be detected. The lack of oversight significantly increases the risk of the misappropriation of assets. Lack of complete accounting records necessary to prepare financial statements. Management of the Town does not have financial information necessary to plan and operate the Town effectively. Without complete financial information on all funds on a timely basis, including budget-to actual comparisons, the mayor and council cannot effectively exercise its fiduciary responsibilities of monitoring and managing the Town's fiscal affairs.

Recommendation:

The organization should review its existing controls over financial reporting and adopt and implement policy and procedures that will ensure the safeguarding of the Town's assets, reporting accurate financial data and that personnel comply with policies, procedures and regulations. In addition, the organization should complete its review of the draft "Accounting Policy and Procedures Manual," maintain the general ledger on a timely basis including posting transactions, completing account reconciliations, and preparing monthly financial statements. The organization should develop a written accounting policy manual which includes month-end procedures along with formal approvals and other control procedures.

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2020

Those in charge of governance should monitor the process to ensure compliance with the policies established. The mayor should ensure that he and the council are presented each month with current financial statements (e.g., Balance sheet; Statement of Revenue, Expenditures, and Changes in Fund Balance; Cash Flow Statements for all funds of the Town, including budget-to-actual comparisons and warning of any corrective action needed to be taken (e.g., amending budget).

Management's Response:

See Management's Response Letter

2020-005 Inadequate Design of Internal Controls over Financial Statement Preparation

Material Weakness

Fiscal Year Finding Originated: 2020

Condition:

The Town's staff responsible for preparation of the financial statements and related footnote disclosure in accordance with generally accepted accounting principles (GAAP) lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

Although management of the Town does not actually prepare and draft the financial statements, related notes, and supplementary information, they should have the capability and experience to oversee the process. They provided all of the information to be included and they should understand the presentation.

Criteria:

Effective for financial statements ending on or after December 15, 2006, Statements on Auditing Standards 112 expands management's responsibility to ensure the propriety and completeness of the financial statements and related footnotes.

Management of the Town should have suitable skill, knowledge, or experience to prepare financial statements, the related notes, and the supplementary information in accordance with accounting principles generally accepted in the United States of America. Internal controls should be adopted and implemented to prevent, detect or correct a misstatement in the financial statements, related notes, or supplementary information.

Cause:

The conditions are due to economic limitations. Management has not prepared a job description that requires the Town to hire a person that has adequate education, background, and training to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

TOWN OF LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2020

Effect:

Town is unable to meet the required standards to ensure completeness of the financial statements and related footnotes.

Misstatements in the financial statements, related notes, or supplementary information may occur and not be detected within a timely period. The amounts by which not implementing GASB Statement No. 45 would affect the liabilities and net assets of the governmental activities are not known.

Recommendation:

The Town should either: 1) obtain the resources and/or knowledge necessary to internally prepared or review the auditor's preparation of the financial statements and related footnotes disclosures in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

Management of the Town should make a determination as to whether the cost of correcting the deficiency concerning the expertise of accounting personnel exceeds the expected benefit to be derived from doing such.

Necessary steps should be taken to record postemployment benefits for retired employees in accordance with GASB Statement No. 45.

Management's Response:

See Management's Response Letter.

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2020

III Summary of Prior Year Findings

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2019-001 Doubt About Going Concern

Fiscal Year Finding Originated: 2018

Condition:

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

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

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

Criteria:

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

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED)

For the Year Ended June 30, 2020

Recommendation:

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

Current Status:

Unresolved. See independent auditors' report.

2019-002 Errors in Payroll and Leave Records

Fiscal Year Finding Originated: 2018

Condition:

In 2018, the auditor's reported the following:

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

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

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

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

1. The pay rates for 5 out of 13 paychecks did not match the documentation of the authorized pay rates.
2. There were no attendance records for 2 out of 13 paychecks. Those employees are salaried employees. It is the auditor's opinion, based on best practices documented by the Louisiana Legislative Auditor's, that salaried employees should document their attendance to provide an

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED)

For the Year Ended June 30, 2020

audit trail that indicates they were not paid for time not worked. Salaries are based on certain expectations of performance that generally include required minimum work hours.

3. There was no documentation of a supervisor's approval of attendance records for 2 out of 11 paychecks.
4. There was no documentation of a supervisor's approval for the only employee in our sample that used leave during this period.
5. There was no documentation of a supervisor's approval for overtime for 3 employees that were paid for overtime during the test period.
6. We did not receive evidence of a leave record for 1 out of 12 employees paid in the test period.
7. We did not receive evidence of accurate posting of leave earned or used for 3 out of 11 employees paid during the test period.

Criteria:

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

Recommendation:

We make the following recommendations:

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

Current Status:

Resolved

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED)
For the Year Ended June 30, 2020

2019-003 Unadjusted Audit Differences

Fiscal Year Finding Originated: 2019

Condition:

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

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

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

Criteria

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

Recommendation:

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

Current Status:

Resolved

2019-004 Noncompliance with Budget Act

Fiscal Year Finding Originated: 2019

Condition:

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED)
For the Year Ended June 30, 2020

Criteria:

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

Recommendation:

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

Current Status:

Unresolved. See 2020-001.

2019-005 Late Submission of Audit Report to LLA

Fiscal Year Finding Originated: 2019

Condition:

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

Criteria:

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

Recommendation:

See recommendation in finding 2019-007.

Current Status:

Unresolved. See 2020-002.

2019-006 Minutes of Board Meetings Incomplete

Fiscal Year Finding Originated: 2019

Condition:

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

- Minutes were not included for multiple meeting dates
- Referenced attachments were not included
- Indications that the Finance Committee was not receiving timely or accurate information
- Budget discussions were not included

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED)

For the Year Ended June 30, 2020

- Undated documents were included in document submitted as minutes
- Errors in dating minutes
- Statutes not followed for adopting ordinances

Criteria:

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

Recommendation:

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

Current Status:

Resolved.

2019-007 Difficulty Completing Audit

Fiscal Year Finding Originated: 2019

Condition:

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

Criteria:

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

Recommendation:

We recommend the following:

- Current management should ensure that personnel are properly trained for their duties.

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED)
For the Year Ended June 30, 2020

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

Current Status:

Resolved.

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

Fiscal Year Finding Originated: 2019

Condition

We noted the following differences:

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

Criteria:

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

Recommendation:

See recommendations in other findings.

Current Status:

Resolved.

2019-009 Payroll Taxes Remitted Late

Fiscal Year Finding Originated: 2019

Condition

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

TOWN OF LAKE PROVIDENCE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS (CONTINUED)

For the Year Ended June 30, 2020

Criteria

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

Current Status:

Resolved.

Town of Lake Providence

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"People Improving Communities"

*Jerry Bell, Mayor
Charlotte Swift, City Clerk*

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

September 30, 2021

J Walker and Company
Rue De Jardin Suite 100
Lake Charles, LA 70605

I. 2020-001 Noncompliance with Budget Act

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

Responsible parties: Mayor and Board of Aldermen

Estimated date of completion: January 01, 2022

II. 2020-002 Late Submission of Audit Report to LLA

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

Responsible parties: Mayor and Board of Aldermen

Estimated date of completion: December 31, 2022

III. 2020-03 Written Policies and Procedures Not Complete

Response and Corrective Action Plan: The governing body will receive updated Policies and Procedures for approval and adoption:

Responsible parties: Mayor, City Clerk, and Board of Aldermen:

Estimated date of completion: February 28, 2022

IV. 2020-004 Inadequate Controls over Financial Reporting

Response and Correction Action Plan: Management will use American Rescue Fund to purchase accounting software more appropriate and complete for municipal functions and hire a bookkeeper/accountant, as well, to prepare complete financial reports. The current software does not have the capacity to produce specific, detailed data. Likewise, the town does not have an accountant or accounting department. Duties are divided between staff generating varying results.

Responsible Parties: Mayor and Board of Aldermen

Estimated date of completion: December 01, 2022

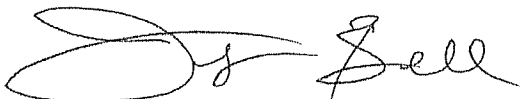
V. 2020-005 Inadequate Design of Internal Controls over Financial Statement Preparation

Response and Corrective Action: As per 2020-004 response, software more specific to municipal governance would provide the necessary format which could produce useful financial reports. At the same time, a bookkeeper and/or accountant on staff could ensure systematic, consistent processes and reports.

Responsible parties: Mayor and City Clerk

Estimated date of completion: June 01, 2022

Respectfully,

A handwritten signature in black ink, appearing to read "Jerry Bell". The signature is fluid and cursive, with a large loop at the beginning and a distinct end.

Jerry Bell, Mayor
The Town of Lake Providence