

Financial Statements

Town of Litcher

April 30, 2023



TOWN OF LUTCHER
Lutcher, Louisiana

FINANCIAL STATEMENTS

APRIL 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lutcher, Louisiana, (the Town) as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of April 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the schedule of the Town of Lutchter's proportionate share of the net pension liability for the retirement systems on page 47, the schedule of contributions to each retirement system (defined benefit cost sharing plans only) on page 48, the notes to required supplementary information on pages 49 through 50, and the budgetary comparison schedule on pages 51 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare basic the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of principal officials and salaries, the schedule of compensation, benefits and other payments to agency head or chief executive officer, the justice system funding schedule – collecting/disbursing entity as required by Act 87 of 2020 Regular Legislative Session – cash basis presentation, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 27, 2023

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2023

This section of the annual financial report of the Town of Lutcher, Louisiana (the Town) presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on April 30, 2023. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,887,639 (net position). Of this amount, \$553,173 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's governmental activities expenses were \$109,331 more than the \$2,180,755 generated in charges for services, taxes, other revenue, and transfers. In the Town's business-type activities, expenses and transfers were \$892,764 less than the \$4,062,901 generated in revenues.
- The general fund reported a \$618,227 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2023

Figure A-1
Major Features of the Town's Government and Fund Financial Statements

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

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2023

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The Town has two kinds of funds:

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

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2023

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position decreased between fiscal years ended April 30, 2022 and April 30, 2023 to \$5,887,639. (See Table A-1.)

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Current and other assets	\$ 1,044,999	\$ 1,358,438	\$ 3,012,030	\$ 1,810,544
Capital assets	2,571,849	1,832,116	3,053,099	2,915,424
Restricted assets	63,829	35,853	374,712	377,983
Total assets	3,680,677	3,226,407	6,439,841	5,103,951
Deferred outflows of resources	293,710	76,050	154,105	71,819
Total assets and deferred outflows of resources	3,974,387	3,302,457	6,593,946	5,175,770
Current liabilities	436,280	638,602	1,225,033	757,115
Long term liabilities	813,492	89,761	1,123,404	1,134,430
Net pension liability	597,396	250,270	454,070	299,645
Total liabilities	1,847,168	978,633	2,802,507	2,191,190
Deferred inflows of resources	14,899	102,173	16,120	102,025
Total liabilities and deferred inflows of resources	1,862,067	1,080,806	2,818,627	2,293,215
Net position				
Invested in capital assets, net of related debt	2,488,090	1,735,714	2,069,235	1,893,057
Restricted	533,829	637,917	243,312	259,177
Unrestricted	(909,599)	(151,980)	1,462,772	730,321
Total net position	\$ 2,112,320	\$ 2,221,651	\$ 3,775,319	\$ 2,882,555

Net position of the Town's governmental activities decreased 4.9 percent to \$2,112,320. Net position of the Town's business-type activities increased 31 percent to \$3,775,319.

Changes in net position. The Town's total revenues for the year ended April 30, 2023 increased by \$1,228,587 to \$5,865,720. Approximately 64.2 percent of the Town's revenue is derived from charges for services, approximately 13.5 percent is derived from grants and contributions, and approximately 19.0 percent is derived from tax collections.

The Town's total expenses for the year ended April 30, 2023 increased by \$307,638 to \$5,082,287. Approximately 52.5 percent of the Town's expenses are the result of its business-type activities and 47.5 percent are the result of its governmental activities. (See Table A-2)

The increase in current assets, and current liabilities is the result of the funding received from the Coronavirus State and Local Fiscal Recovery Fund. The Town received the second tranche of funding in fiscal year 2023, but has not spent most of this funding.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2023

Table A-2

Changes in the Town's Net Position

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Revenues				
Program revenues				
Charges for services	\$ 244,814	\$ 244,122	\$ 3,522,981	\$ 2,378,300
Operating grants and contributions	333,331	491,077	127,882	-
Capital grants and contributions	-	142,163	329,700	35,000
General revenues				
Taxes	908,913	891,526	82,338	70,037
Franchise taxes	121,112	110,790	-	-
Licenses and permits	152,172	143,671	-	-
Fines and forfeitures	4,218	1,671	-	-
Other revenues	38,259	100,857	-	27,919
Total revenues	1,802,819	2,125,877	4,062,901	2,511,256
Expenses				
General government	867,721	1,692,670	-	-
Streets and drainage	756,574	500,638	-	-
Public safety	438,039	286,948	-	-
Sanitation	269,296	267,996	-	-
Interest	35,320	3,232	-	-
Debt issuance	45,200	-	-	-
Water	-	-	1,067,790	912,727
Sewer	-	-	1,602,347	1,110,438
Total expenses	2,412,150	2,751,484	2,670,137	2,023,165
Other financing resources (uses)				
Transfers in	1,075,939	657,454	-	-
Transfers out	(575,939)	(7,454)	(500,000)	(650,000)
Total other financing resources (uses)	500,000	650,000	(500,000)	(650,000)
Increase (decrease) in net position	(109,331)	(30,442)	892,764	(161,909)
Beginning net position	2,221,651	2,252,093	2,882,555	3,044,464
Ending net position	\$ 2,112,320	\$ 2,221,651	\$ 3,775,319	\$ 2,882,555

Governmental Activities

Revenues for the Town's governmental activities decreased by \$323,058, or 15.2 percent. Approximately 57.1 percent of these revenues are derived from ad valorem, sales, and franchise taxes while nearly 18.5 percent is from capital and operating grants and contributions. An additional 13.6 percent is derived from charges for services.

Expenses for the Town's governmental activities decreased by \$339,334, or 12.3 percent. Majority of this decrease is in governmental activities is the result of debris cleanup and monitoring activities in fiscal year 2022 that were caused by Hurricane Ida in August 2021.

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2023

Business-type Activities

Revenues for the Town's business-type activities increased by \$1,551,645 or approximately 61.8 percent. Charges for services provide for approximately 86.7 percent of business-type revenues.

Expenses for the Town's business-type activities increased by \$646,972 or 32 percent. Approximately 40 percent of these expenses result from water activities and approximately 60 percent are the result of sewer activities. Increase in expenses is mainly the result of increase use and maintenance of the sewer pond.

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$682,056, a decrease of \$76,296, or 10.0 percent, from last year.

General Fund Budgetary Highlights

The Town amended its original budget for the fiscal year. The amendments to the original budget were directly related to the impacts that Hurricane Ida had on the Town. This caused a \$800,000 increase in anticipated expenditures. The Town did not budget for an anticipated increase in revenues for fiscal year 2023 due to the uncertainty of when reimbursement would be made by GOHSEP.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of April 30, 2023, the Town had invested \$5,624,948 in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of \$877,408, or 18.5 percent, compared to last year.

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

Table A-3
Town's Capital Assets

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land and Improvements	\$ 49,005	\$ 49,005	\$ 114,855	\$ 94,855
Buildings and Improvements	296,936	296,936	-	-
Lutcher Park	345,635	345,635	-	-
Streets	2,296,051	1,818,857	-	-
Drainage	1,202,911	867,760	-	-
Equipment	416,841	355,828	593,788	408,191
Construction in Progress	30,576	18,845	139,862	-
Water and Sewer Facility and System	-	-	10,179,119	10,134,801
Less: Accumulated Depreciation	(2,066,106)	(1,920,750)	(7,974,525)	(7,722,423)
Total	\$ 2,571,849	\$ 1,832,116	\$ 3,053,099	\$ 2,915,424

Current year depreciation expense was approximately \$416,000.

This year's major capital asset additions included:

- Various Drainage improvements \$335,000
- 5th Street Paving \$460,000
- Four new vehicles \$221,000

TOWN OF LUTCHER
Lutcher, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2023

Construction in progress consists of engineering and project costs relating to the Buddy Whitney drainage upgrades and the Acadia Lift Station project. These projects are expected to be completed next fiscal year. At year end, the Town had active contract commitment in the amount of \$68,643.

Long-term debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$1,807,313 as compared to \$1,113,000 in the prior year, an increase of \$694,313 or 62.4 percent. (See Table A-4) More information about the Town's long-term liabilities is presented in Note 9 to the financial statements.

Table A-4
Town's Outstanding Debt

	Governmental Activities		Business Activities	
	2023	2022	2023	2022
General Obligation Bonds, Series 2012A	\$ 78,000	\$ 96,000	\$ -	\$ -
Hurricane Recovery Bonds, Series 2022	750,000	-	-	-
General Obligation Bonds, Series 2012	-	-	640,000	700,000
Taxable Limited Bond, Series 2016	-	-	299,000	317,000
Utilities Revenue Bonds, Series 2022	-	-	40,313	-
Total	\$ 828,000	\$ 96,000	\$ 979,313	\$ 1,017,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from taxes (sales, franchise & property) and garbage fees at 37.2 percent and 10.9 percent of total revenues, respectively. Additionally, approximately 9 percent of the Town's budgeted revenues relate to grant revenues. The economy is not expected to generate any significant growth. Expenditures are expected to increase due to additional improvements made to the sewer pond and other drainage and street projects.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF NET POSITION
APRIL 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 817,974	\$ 2,420,030	\$ 3,238,004
Receivables:			
Taxes	16,854	11,389	28,243
Interest	67	-	67
Other	4,179	-	4,179
Accounts, net	43,958	590,680	634,638
Internal balances	20,022	(20,022)	-
Due from other governmental units	140,858	-	140,858
Other current assets	1,087	9,953	11,040
Restricted assets:			
Cash	63,829	374,712	438,541
Capital assets (net)	2,571,849	3,053,099	5,624,948
Total assets	3,680,677	6,439,841	10,120,518
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	293,710	154,105	447,815
Total deferred outflows of resources	293,710	154,105	447,815
LIABILITIES			
Accounts payable	22,340	172,453	194,793
Retainage payable	-	13,286	13,286
Due to local governments	122,064	-	122,064
Accrued payables	20,250	17,251	37,501
Bonds due within one year	19,000	82,843	101,843
Accumulated leave due within one year	10,081	20,701	30,782
Unearned revenues	242,545	918,499	1,161,044
Long-term liabilities:			
Accumulated leave	4,492	106,074	110,566
Customer service meter deposits	-	120,860	120,860
Bonds payable	809,000	896,470	1,705,470
Net pension liability	597,396	454,070	1,051,466
Total liabilities	1,847,168	2,802,507	4,649,675
DEFERRED INFLOWS OF RESOURCES			
Pension related	14,899	16,120	31,019
Total deferred inflows of resources	14,899	16,120	31,019
NET POSITION			
Net investment in capital assets	2,488,090	2,069,235	4,557,325
Restricted for:			
Debt retirement	63,829	243,312	307,141
Road maintenance	470,000	-	470,000
Unrestricted	(909,599)	1,462,772	553,173
Total net position	\$ 2,112,320	\$ 3,775,319	\$ 5,887,639

The accompanying notes are an integral part of this statement. - 11 -

TOWN OF LUTCHER
Lutcher, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions:							
Governmental activities:							
General government	\$ 867,721	\$ -	\$ 333,331	\$ -	\$ (534,390)	\$ -	\$ (534,390)
Streets and drainage	756,574	-	-	-	(756,574)	-	(756,574)
Public safety	438,039	-	-	-	(438,039)	-	(438,039)
Sanitation	269,296	244,814	-	-	(24,482)	-	(24,482)
Debt issuance	45,200	-	-	-	(45,200)	-	(45,200)
Interest	35,320	-	-	-	(35,320)	-	(35,320)
Total governmental activities	<u>2,412,150</u>	<u>244,814</u>	<u>333,331</u>	<u>-</u>	<u>(1,834,005)</u>	<u>-</u>	<u>(1,834,005)</u>
Business-type activities:							
Sewer	1,602,347	2,843,199	73,228	294,700	-	1,608,780	1,608,780
Water	1,067,790	679,782	54,654	35,000	-	(298,354)	(298,354)
Total business-type activities	<u>2,670,137</u>	<u>3,522,981</u>	<u>127,882</u>	<u>329,700</u>	<u>-</u>	<u>1,310,426</u>	<u>1,310,426</u>
Total primary government	<u>\$ 5,082,287</u>	<u>\$ 3,767,795</u>	<u>\$ 461,213</u>	<u>\$ 329,700</u>	<u>(1,834,005)</u>	<u>1,310,426</u>	<u>(523,579)</u>
General revenues							
Taxes:							
Ad valorem							
					141,794	82,338	224,132
Sales taxes							
					767,119	-	767,119
Franchise taxes							
					121,112	-	121,112
Licenses and permits							
					152,172	-	152,172
Fines and forfeitures							
					4,218	-	4,218
Transfers (to)/from other funds							
					500,000	(500,000)	-
Other revenue							
					38,259	-	38,259
Total general revenues and transfers							
					<u>1,724,674</u>	<u>(417,662)</u>	<u>1,307,012</u>
Change in net position							
					(109,331)	892,764	783,433
Net position, April 30, 2022							
					<u>2,221,651</u>	<u>2,882,555</u>	<u>5,104,206</u>
Net position, April 30, 2023							
					<u>\$ 2,112,320</u>	<u>\$ 3,775,319</u>	<u>\$ 5,887,639</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
GOVERNMENTAL FUNDS
BALANCE SHEET
APRIL 30, 2023

	General	Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 817,974	\$ -	\$ 817,974
Receivables:			
Taxes	16,854	-	16,854
Interest	67	-	67
Other	4,179	-	4,179
Due from other funds	20,022	-	20,022
Accounts, net	43,958	-	43,958
Due from other governmental units	140,858	-	140,858
Prepaid insurance	1,087	-	1,087
Restricted assets:			
Cash	-	63,829	63,829
Total assets	\$ 1,044,999	\$ 63,829	\$ 1,108,828
<u>LIABILITIES</u>			
Accounts payable	\$ 22,340	\$ -	\$ 22,340
Accrued payables	24,572	-	24,572
Due to local governments	122,064	-	122,064
Unearned revenues	242,545	-	242,545
Total liabilities	411,521	-	411,521
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Resources recovered prior to time requirements	15,251	-	15,251
Total deferred inflows of resources	15,251	-	15,251
<u>FUND BALANCES</u>			
Nonspendable	1,087	-	1,087
Restricted for debt retirement	-	63,829	63,829
Restricted for road maintenance	470,000	-	470,000
Unassigned	147,140	-	147,140
Total fund balance	618,227	63,829	682,056
Total liabilities, deferred inflows and fund balances	\$ 1,044,999	\$ 63,829	\$ 1,108,828

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2023

Total fund balances - governmental funds		\$ 682,056
Cost of capital assets at April 30, 2023	4,637,955	
Less: accumulated depreciation as of April 30, 2023	<u>(2,066,106)</u>	2,571,849
Deferred outflows of resources at April 30, 2023		
Deferred outflows - pension related		293,710
Ad valorem tax revenues that were collected more than sixty days after year-end and, therefore, are not available soon enough to pay current period expenditures		15,251
Long-term liabilities and deferred inflows of resources at April 30, 2023		
Bonds payable	(828,000)	
Accrued interest payable	(5,759)	
Accrued sick leave payable	(3,315)	
Accrued compensatory time payable	(1,177)	
Net pension liability	(597,396)	
Deferred inflows - pension related	<u>(14,899)</u>	<u>(1,450,546)</u>
Total net position at April 30, 2023 - governmental activities		<u>\$ 2,112,320</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER

Lutcher, Louisiana

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED APRIL 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 142,282	\$ -	\$ 142,282
Sales taxes	767,119	-	767,119
Franchise taxes	121,112	-	121,112
Garbage fees	244,814	-	244,814
Licenses and permits	152,172	-	152,172
Intergovernmental revenue:			
Beer	1,013	-	1,013
Grants	333,331	-	333,331
Fines and forfeitures	4,218	-	4,218
Other revenue	21,088	-	21,088
Total revenues	<u>1,787,149</u>	<u>-</u>	<u>1,787,149</u>
<u>EXPENDITURES</u>			
Current:			
General government	846,203	-	846,203
Streets and drainage	608,955	-	608,955
Public safety	392,405	-	392,405
Sanitation	269,296	-	269,296
Capital outlay	903,423	-	903,423
Debt service:			
Principal retirement	-	518,000	518,000
Interest	-	29,963	29,963
Total expenditures	<u>3,020,282</u>	<u>547,963</u>	<u>3,568,245</u>
<u>EXCESS OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	(1,233,133)	(547,963)	(1,781,096)
<u>OTHER FINANCING SOURCES (USES)</u>			
Bond proceeds	1,250,000	-	1,250,000
Bond issuance costs	(45,200)	-	(45,200)
Transfers in	500,000	575,939	1,075,939
Transfers out	(575,939)	-	(575,939)
Total other financing sources	<u>1,128,861</u>	<u>575,939</u>	<u>1,704,800</u>
<u>NET CHANGE IN FUND BALANCE</u>	(104,272)	27,976	(76,296)
<u>FUND BALANCE</u>			
Beginning of year	722,499	35,853	758,352
End of year	<u>\$ 618,227</u>	<u>\$ 63,829</u>	<u>\$ 682,056</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2023

Total net changes in fund balance - governmental funds		\$	(76,296)
Capital assets:			
Capital outlay capitalized	903,423		
Loss on disposal	(1,111)		
Depreciation expense for the year ended April 30, 2023	<u>(162,579)</u>		739,733
Change in ad valorem taxes collected after 60 days			(488)
Long-term debt:			
Bond proceeds	(1,250,000)		
Principal portion of debt service payments	518,000		
Change in accrued sick leave	5,758		
Change in accrued compensatory time	1,511		
Excess of interest accrued over interest paid	(5,357)		
Net change in pension liability and deferred inflows/outflows of resources	<u>(42,192)</u>		<u>(772,280)</u>
Change in net position - governmental activities		\$	<u><u>(109,331)</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
APRIL 30, 2023

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	\$ 2,316,073	\$ 103,957	\$ 2,420,030
Taxes receivable	-	11,389	11,389
Accounts receivable (net of allowance for uncollectibles)	499,468	91,212	590,680
Due from other funds	23,783	1,276	25,059
Other current assets	953	9,000	9,953
Total current assets	<u>2,840,277</u>	<u>216,834</u>	<u>3,057,111</u>
<u>NONCURRENT ASSETS</u>			
Restricted assets:			
Cash	18,321	356,391	374,712
Total restricted assets	<u>18,321</u>	<u>356,391</u>	<u>374,712</u>
Capital assets, net	1,068,165	1,984,934	3,053,099
Total noncurrent assets	<u>1,086,486</u>	<u>2,341,325</u>	<u>3,427,811</u>
Total assets	<u>3,926,763</u>	<u>2,558,159</u>	<u>6,484,922</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	79,414	74,691	154,105
Total deferred outflows of resources	<u>79,414</u>	<u>74,691</u>	<u>154,105</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Payable from current assets:			
Accounts payable	154,288	18,165	172,453
Retainage payable	13,286	-	13,286
Accrued payables	6,382	10,869	17,251
Due to other funds	1,276	43,805	45,081
Unearned revenue	918,499	-	918,499
Payable from restricted assets:			
Bonds payable due within one year	1,843	81,000	82,843
Total current liabilities	<u>1,095,574</u>	<u>153,839</u>	<u>1,249,413</u>
<u>NONCURRENT LIABILITIES</u>			
Accumulated leave	100,934	25,841	126,775
Customer meter deposits	-	120,860	120,860
Bonds payable	38,470	858,000	896,470
Net pension liability	233,995	220,075	454,070
Total noncurrent liabilities	<u>373,399</u>	<u>1,224,776</u>	<u>1,598,175</u>
Total liabilities	<u>1,468,973</u>	<u>1,378,615</u>	<u>2,847,588</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	8,307	7,813	16,120
Total deferred inflows of resources	<u>8,307</u>	<u>7,813</u>	<u>16,120</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,027,769	1,041,466	2,069,235
Restricted for debt retirement	12,091	231,221	243,312
Unrestricted	1,489,037	(26,265)	1,462,772
TOTAL NET POSITION	<u>\$ 2,528,897</u>	<u>\$ 1,246,422</u>	<u>\$ 3,775,319</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED APRIL 30, 2023

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for service			
Utility fees	\$ 351,264	\$ 605,642	\$ 956,906
User fees - oxidation pond	2,469,380	-	2,469,380
Delinquent charges	6,407	15,210	21,617
Miscellaneous revenues	16,148	58,930	75,078
Total operating revenues	<u>2,843,199</u>	<u>679,782</u>	<u>3,522,981</u>
<u>OPERATING EXPENSES</u>			
Professional services	58,370	26,922	85,292
Payroll taxes	25,670	18,413	44,083
Retirement	37,529	32,357	69,886
Insurance	77,982	137,691	215,673
Office supplies and postage	3,141	8,687	11,828
Miscellaneous	82,942	121,370	204,312
Salaries	374,055	265,965	640,020
Oxidation pond/water plant analysis and treatment	11,402	7,551	18,953
Electricity	81,736	24,186	105,922
Materials, supplies, and repairs	745,629	243,838	989,467
Depreciation	103,699	149,792	253,491
Total operating expenses	<u>1,602,155</u>	<u>1,036,772</u>	<u>2,638,927</u>
<u>OPERATING INCOME (LOSS)</u>	<u>1,241,044</u>	<u>(356,990)</u>	<u>884,054</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Ad valorem taxes	-	82,338	82,338
Capital grants	294,700	35,000	329,700
Operating grants	73,228	54,654	127,882
Interest expense	(192)	(31,018)	(31,210)
Total nonoperating revenues	<u>367,736</u>	<u>140,974</u>	<u>508,710</u>
<u>Income (loss) before transfers</u>	<u>1,608,780</u>	<u>(216,016)</u>	<u>1,392,764</u>
Transfers out	(500,000)	-	(500,000)
Operating transfers	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
<u>CHANGE IN NET POSITION</u>	<u>1,108,780</u>	<u>(216,016)</u>	<u>892,764</u>
Net position, April 30, 2022	<u>1,420,117</u>	<u>1,462,438</u>	<u>2,882,555</u>
Net position, April 30, 2023	<u>\$ 2,528,897</u>	<u>\$ 1,246,422</u>	<u>\$ 3,775,319</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2023

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 2,628,298	\$ 598,508	\$ 3,226,806
Cash paid to employees and suppliers	(1,348,931)	(841,280)	(2,190,211)
Other receipts from operations	16,148	58,930	75,078
Net cash provided by (used in) operating activities	<u>1,295,515</u>	<u>(183,842)</u>	<u>1,111,673</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Transfers to other funds	(500,000)	-	(500,000)
Operating grant	73,228	54,654	127,882
Net cash provided by (used in) noncapital financing activities	<u>(426,772)</u>	<u>54,654</u>	<u>(372,118)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(369,773)	(23,337)	(393,110)
Capital grant received	623,620	35,000	658,620
Ad valorem tax	-	82,338	82,338
Bond proceeds received	40,313	-	40,313
Principal payments on long-term debt	-	(78,000)	(78,000)
Interest paid on long-term debt	(135)	(31,917)	(32,052)
Net cash provided by (used in) capital and related financing activities	<u>294,025</u>	<u>(15,916)</u>	<u>278,109</u>
Net increase (decrease) in cash and cash equivalents	1,162,768	(145,104)	1,017,664
Cash and cash equivalents - beginning of year	<u>1,171,683</u>	<u>605,452</u>	<u>1,777,135</u>
Cash and cash equivalents - end of year	<u>\$ 2,334,451</u>	<u>\$ 460,348</u>	<u>\$ 2,794,799</u>
Cash and cash equivalents - end of year			
Cash - current	\$ 2,316,073	\$ 103,957	\$ 2,420,030
Cash - restricted	<u>18,321</u>	<u>356,391</u>	<u>374,712</u>
	<u>\$ 2,334,394</u>	<u>\$ 460,348</u>	<u>\$ 2,794,742</u>

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2023

	Sewer Fund	Water Fund	Total
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>			
<u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 1,241,044	\$ (356,990)	\$ 884,054
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -			
Depreciation	103,699	149,792	253,491
Bad debt expense	1,759	3,687	5,446
Loss on disposition of assets	972	972	1,944
Net changes in assets and liabilities -			
Accounts receivable	(174,970)	(22,344)	(197,314)
Prepaid expenses and other assets	(23,783)	(376)	(24,159)
Deferred outflows of resources	(42,770)	(39,516)	(82,286)
Accounts payable and other liabilities	152,205	49,772	201,977
Net pension liability	81,108	73,317	154,425
Deferred inflows of resources	(43,749)	(42,156)	(85,905)
Net cash provided by (used in) operating activities	\$ 1,295,515	\$ (183,842)	\$ 1,111,673

(concluded)

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

1. **Summary of Significant Accounting Policies**

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

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

Financial Reporting Entity

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

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

Basis of Presentation, Basis of Accounting

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Basis of Presentation, Basis of Accounting (continued)

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

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

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

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Debt Service Fund – This fund is used to account for the accumulation of resources for the payment of principal and interest on long-term obligation debt of governmental funds.

The Town reports the following major enterprise funds:

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Measurement Focus, Basis of Accounting

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Budgets and Budgetary Accounting

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

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

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

Cash and Cash Equivalents

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

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

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

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

Accounts Receivable

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Accumulated Leave

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

Long Term Debt

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

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

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

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

Pension Plans

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Equity Classifications

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

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

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

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

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

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

Interfund Balances / Transfers

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Deferred Outflows/Inflows of Resources

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

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

Estimates

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

Encumbrances

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

Risk Management

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

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for Town issues at April 30, 2023.

Current Year Adoption of New Accounting Standards

The Town adopted GASB Statement No. 87 (GASB 87), *Leases*. This Statement requires all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement requires the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset with a corresponding liability and by lessors as a receivable with a corresponding deferred inflow of resources. For the year ended April 30, 2023, there were no significant leases identified.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Current Year Adoption of New Accounting Standards (continued)

The Town adopted GASB Statement No. 91, *Conduit Debt Obligations*. The implementation of this statement did not result in any change in the Town's financial statements. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures.

The Town adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The implementation of this statement did not result in any change in the Town's financial statements. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of GASB Statement No. 97 provides that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

2. **Cash**

At April 30, 2023, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 200
Demand deposit accounts/savings accounts	3,237,804
Restricted cash	438,541
Total	<u>\$ 3,676,545</u>

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

3. **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. At April 30, 2023, the Town's bank balances totaled \$3,767,750. Of these bank balances, \$500,000 was covered by federal depository insurance, and \$3,267,750 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

4. **Receivables**

Receivables as of April 30, 2023 for the Town's funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>		<u>Total Business-type Activities</u>
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	
<u>Receivables:</u>				
Property taxes	\$ 16,854	\$ -	\$ 11,389	\$ 11,389
Interest	67	-	-	-
Accounts	50,144	505,929	122,201	628,130
Other	4,179	-	-	-
Gross receivables	<u>71,244</u>	<u>505,929</u>	<u>133,590</u>	<u>639,519</u>
Less: allowance for uncollectibles	(6,186)	(6,461)	(30,989)	(37,450)
Net receivables	<u>\$ 65,058</u>	<u>\$ 499,468</u>	<u>\$ 102,601</u>	<u>\$ 602,069</u>

5. **Due from / to Other Governmental Units**

At April 30, 2023, the Town has \$117,312 due from the St. James Parish School Board for sales tax collections. Additionally, the Town has \$23,546 due from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) relating to Hurricane Ida recovery reimbursements.

At April 30, 2023, the Town has \$67,229 due to the St. James Parish School Board and \$54,835 due to the Pontchartrain Levee District relating to Buddy Whitney Drainage work that was not performed.

6. **Interfund Receivables and Payables**

Interfund receivables and payables as of April 30, 2023 are as follows:

<u>Interfund Receivables</u>		<u>Interfund Payables</u>	
General Fund	\$ 20,022	General Fund	\$ -
Water Fund	1,276	Water Fund	43,805
Sewer Fund	23,783	Sewer Fund	1,276
Total	<u>\$ 45,081</u>	Total	<u>\$ 45,081</u>

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

7. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended April 30, 2023, are as follows:

Governmental activities:

	Land and Improvements	Buildings and Improvements	Lutcher Park	Streets	Drainage	Equipment	Construction in progress	Total
Cost at April 30, 2022	\$ 49,005	\$ 296,936	\$ 345,635	\$1,818,857	\$ 867,760	\$ 355,828	\$ 18,845	\$ 3,752,866
Additions	-	-	-	477,194	335,151	79,347	11,731	903,423
Deletions	-	-	-	-	-	(18,334)	-	(18,334)
Transfers	-	-	-	-	-	-	-	-
Cost of Capital Assets April 30, 2023	49,005	296,936	345,635	2,296,051	1,202,911	416,841	30,576	4,637,955
Accumulated depreciation April 30, 2022	8,556	247,676	295,635	679,111	376,581	313,191	-	1,920,750
Additions	496	6,409	-	94,741	47,234	13,699	-	162,579
Deletions	-	-	-	-	-	(17,223)	-	(17,223)
Accumulated depreciation April 30, 2023	9,052	254,085	295,635	773,852	423,815	309,667	-	2,066,106
Capital Assets, net of accumulated depreciation at April 30, 2023	\$ 39,953	\$ 42,851	\$ 50,000	\$1,522,199	\$ 779,096	\$ 107,174	\$ 30,576	\$ 2,571,849

Capital assets above that are not being depreciated include land in the amount of \$39,085 included in Land and Improvements and Construction in progress of \$30,576. Additionally, land in the amount of \$50,000 included in Lutcher Park is not being depreciated.

Depreciation expense of \$162,579 for the year ended April 30, 2023 was charged to the following governmental functions:

General Government	\$ 14,093
Streets and Drainage	145,306
Public Safety	3,180
	<u>\$ 162,579</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

7. **Capital Assets** (continued)

Business-type activities:

	Land and Improvements	Water and Sewer Facility and System	Equipment	Construction in Progress	Total
Total Cost of Capital Assets April 30, 2022	\$ 94,855	\$ 10,134,801	\$ 408,191	\$ -	\$ 10,637,847
Additions	20,000	44,318	188,930	139,862	393,110
Deletions	-	-	(3,333)	-	(3,333)
Transfers	-	-	-	-	-
Cost of Capital Assets April 30, 2023	114,855	10,179,119	593,788	139,862	11,027,624
Accumulated depreciation April 30, 2022	19,839	7,405,524	297,060	-	7,722,423
Additions	1,328	195,721	56,442	-	253,491
Deletions	-	-	(1,389)	-	(1,389)
Accumulated depreciation April 30, 2023	21,167	7,601,245	352,113	-	7,974,525
Capital Assets, net of accumulated depreciation at April 30, 2023	\$ 93,688	\$ 2,577,874	\$ 241,675	\$ 139,862	\$ 3,053,099

Capital assets above that are not being depreciated include land in the amount of \$86,100 included in land and improvements, and construction in progress in the amount of \$139,862.

Depreciation expense of \$253,491 for the year ended April 30, 2023 was charged to the following governmental functions:

Sewer Fund	\$ 103,699
Water Fund	149,792
	<u>\$ 253,491</u>

Construction Commitment

The government has an active construction contract at April 30, 2023, totaling \$188,218 in relation to the Acadia Lift Station improvements. The remaining commitment on this construction project at April 30, 2023, is \$68,643.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Accounts payables and accrued payables as of April 30, 2023 were as follows:

	Governmental Activities	Business-Type Activities	Total
Vendors	\$ 22,340	\$ 172,453	\$ 194,793
Salaries and benefits payable	20,250	17,251	37,501
Total encumbrances	<u>\$ 42,590</u>	<u>\$ 189,704</u>	<u>\$ 232,294</u>

9. **Long-term Debt**

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 2023:

	Balance 4/30/22	Additions	Retirements	Balance 4/30/23	Due within One Year
Governmental activities:					
Direct borrowing and placement of debt:					
General Obligation Bonds, Series 2012A	\$ 96,000	\$ -	\$ 18,000	\$ 78,000	\$ 19,000
Hurricane Recovery Revenue Bonds, Series 2022	-	1,250,000	500,000	750,000	-
	<u>\$ 96,000</u>	<u>\$ 1,250,000</u>	<u>\$ 518,000</u>	<u>\$ 828,000</u>	<u>\$ 19,000</u>
Business-type activities:					
Direct borrowing and placement of debt:					
General Obligation Bonds, Series 2012	\$ 700,000	\$ -	\$ 60,000	\$ 640,000	\$ 62,000
Taxable Limited Bonds, Series 2016	317,000	-	18,000	299,000	19,000
Taxable Utilities Revenue Bonds, Series 2022	-	40,313	-	40,313	1,843
	<u>\$ 1,017,000</u>	<u>\$ 40,313</u>	<u>\$ 78,000</u>	<u>\$ 979,313</u>	<u>\$ 82,843</u>

Direct borrowings and placements at April 30, 2023 were comprised of the following individual issues:

Governmental activities:

Debt Service Fund

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

\$ 78,000

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

\$1,250,000 of Taxable Hurricane Recovery Bonds, Series 2022; due in various semi-annual installments, including interest at 4%, through September 1, 2027; payable from FEMA revenues. Events of default include failure to make punctual payment of principal amount due, failure to make punctual payment of any installment of interest that is due and payable, performance or observance of any other of the covenants, agreements, or conditions are not made and continues for a period of 45 days, or if the Town shall file a petition or other seek of relief under Federal or State bankruptcy law or other similar law.

750,000

\$ 828,000

Business-type activities:

Water Fund

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

\$ 640,000

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

299,000

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Sewer Fund

\$1.05 million of Taxable Utilities Revenue Bonds, Series 2022; due in various semi-annual installments, including interest at 0.45%, through March 1, 2032; payable from utility system revenues. Events of default include failure to make punctual payment of principal amount due, failure to make punctual payment of any installment of interest that is due and payable, performance or observance of any other of the covenants, agreements, or conditions are not made and continues for a period of 45 days, or if the Town shall file a petition or other seek of relief under Federal or State bankruptcy law or other similar law. The Bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment. The bond document does not list any terms related to termination events with finance related consequences nor subjective acceleration clauses.

40,313

\$ 979,313

The annual requirements to amortize all debt outstanding as of April 30, 2023, are as follows:

Year ending April 30,	Principal	Interest	Total
2024	\$ 101,843	\$ 57,267	\$ 159,110
2025	103,843	54,489	158,332
2026	356,881	46,652	403,533
2027	359,881	33,726	393,607
2028	342,920	20,722	363,642
2029 – 2033	426,828	39,609	466,437
2034 – 2038	104,328	5,099	109,427
2039 – 2043	10,789	100	10,889
	<u>\$1,807,313</u>	<u>\$ 257,664</u>	<u>\$ 2,064,977</u>

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

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

Ad valorem tax – Assessed valuation, 2022 tax rolls	\$	18,743,666
Debt limit: 10% of assessed valuation (for any purpose)	\$	1,874,367
Debt limit: 15% of assessed valuation (for sewerage purposes)	\$	2,811,550
Debt limit: 35% of assessed valuation (aggregate, all purposes)	\$	6,560,283

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

10. Accumulated Leave

The following is a summary of the changes in accumulated leave for the year ended April 30, 2023:

	Balance <u>4/30/2022</u>	Additions	Deletions	Balance <u>4/30/2023</u>	Due within <u>one year</u>
Governmental:					
Compensated absences	\$ 19,535	\$ 9,241	\$ 15,380	\$ 13,396	\$ 10,081
Compensatory time	<u>2,688</u>	<u>10,206</u>	<u>11,717</u>	<u>1,177</u>	<u>-</u>
Total governmental	<u>22,223</u>	<u>19,447</u>	<u>27,097</u>	<u>14,573</u>	<u>10,081</u>
Business-type:					
Compensated absences	54,807	37,483	34,706	57,584	20,701
Compensatory time	<u>45,118</u>	<u>43,186</u>	<u>19,113</u>	<u>69,191</u>	<u>-</u>
Total business-type	<u>99,925</u>	<u>80,669</u>	<u>53,819</u>	<u>126,775</u>	<u>20,701</u>
Total primary government	<u>\$ 122,148</u>	<u>\$ 100,116</u>	<u>\$ 80,916</u>	<u>\$ 141,348</u>	<u>\$ 30,782</u>

11. Ad Valorem Taxes

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 2023 taxes of 7 mills were authorized and levied on property with assessed valuations totaling \$18,743,666 for general purposes. Additional taxes of 4.73 mills were authorized and levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due. All millages expire on December 31, 2022. Ad valorem taxes levied during the year ended April 30, 2023 totaled \$219,867.

12. Sales Taxes

The Town receives a 1% sales tax collected on sales occurring within the boundaries of the Town of Lutcher. These proceeds are available for any lawful purpose of operating a municipality. The Town receives an additional 1 percent sales tax for the purpose of constructing, improving, extending and maintaining streets, drainage, water, sewer infrastructure and sewerage treatment works; and purchasing necessary equipment and land for any of the aforesaid public works, improvements and facilities. The Town recognized \$767,119 of sales tax revenue during the year ended April 30, 2023. These taxes do not expire.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

13. Transfers to/from Other Funds

Interfund transfers at April 30, 2023, were as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 500,000	\$ 575,939
Debt Service Fund	575,939	-
Sewer Fund	-	500,000
	\$ 1,075,939	\$ 1,075,939

14. Pension and Retirement Plans

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

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

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

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

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

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

Municipal Police Employees' Retirement System of Louisiana (MPERS)

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

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Funding Policy:

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended April 30, 2023, for the Town and covered employees were as follows:

	Town	Employees
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	15.50%	5.00%
Members hired after 01/01/2013	15.50%	5.00%
Municipal Police Employees' Retirement Systems		
All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013	31.25%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	31.25%	8.00%
Employees receiving compensation below poverty guidelines of US Department of health	34.00%	7.50%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of the years ending April 30, 2023 were as follows:

	2023	2022	2021
Municipal Employees' Retirement System Plan B	\$ 97,404	\$ 85,759	\$ 78,434
Municipal Police Employees' Retirement System	\$ 43,690	\$ 25,915	\$ 15,687

Support of Non-Employer Contributing Entities

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

Municipal Employees' Retirement System Plan B	\$	24,248
Municipal Police Employees' Retirement System		6,939
	\$	31,187

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

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

The following schedule lists the Town's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2022 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of April 30, 2023 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2022 along with the change compared to the June 30, 2021 rate. The Town's proportion of the Net Pension Liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers.

	<u>Net Pension Liability at June 30, 2022</u>	<u>Rate at June 30, 2022</u>	<u>Increase on June 30, 2021 Rate</u>
Municipal Employees' Retirement System Plan B	\$ 732,608	0.8344%	0.0269%
Municipal Police Employees' Retirement System	318,858	0.0312%	0.0158%
	<u>\$ 1,051,466</u>		

The following schedule lists the pension plan's recognized pension expense of the Town for the year ended April 30, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Municipal Employees' Retirement System Plan B	\$ 44,347	\$ 72,294	\$ 116,641
Municipal Police Employees' Retirement System	84,065	-	84,065
	<u>\$ 128,412</u>	<u>\$ 72,294</u>	<u>\$ 200,706</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

At April 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,573	\$ (11,920)
Changes of assumptions	18,832	(2,372)
Net difference between projected and actual earnings on pension plan investments	191,660	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	114,358	(16,727)
Employer contributions subsequent to measurement date	121,392	-
	<u>\$ 447,815</u>	<u>\$ (31,019)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System Plan B	\$ 248,636	\$ (26,007)
Municipal Police Employees' Retirement System	199,179	(5,012)
	<u>\$ 447,815</u>	<u>\$ (31,019)</u>

The Town reported a total of \$121,392 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in Net Pension Liability in the year ended April 30, 2024. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Municipal Employees' Retirement System Plan B	\$ 82,968
Municipal Police Employees' Retirement System	38,424
	<u>\$ 121,392</u>

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

<u>Year</u>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
2024	\$ 37,375	\$ 46,636	\$ 84,011
2025	27,330	45,830	73,160
2026	14,525	33,419	47,944
2027	60,431	29,858	90,289
	<u>\$ 139,661</u>	<u>\$ 155,743</u>	<u>\$ 295,404</u>

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2022, are as follows:

	MERS	MPERS						
Valuation Date	June 30, 2022	June 30, 2022						
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal cost						
Actuarial Assumptions:								
Expected Remaining Service Lives	3 years	4 years						
Investment Rate of Return	6.850%	6.750%						
Inflation Rate	2.500%	2.500%						
Mortality	<p>For annuitant and beneficiary mortality tables used were PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>For employees, the PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>For disable lives morality, PubNS-2010(B) Disabled Retiree Table set equal to 120% males and females with the full generational MP2018 scale.</p>	<p>For annuitant and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plants Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale.</p>						
Salary Increases	<p>1-4 years of service - 7.4% - Plan B</p> <p>Over 4 years of service – 4.9% - Plan B</p>	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Years of Service</th> <th style="text-align: center; border-bottom: 1px solid black;">Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">12.30%</td> </tr> <tr> <td style="text-align: center;">Above 2</td> <td style="text-align: center;">4.70%</td> </tr> </tbody> </table>	Years of Service	Salary Growth Rate	1-2	12.30%	Above 2	4.70%
Years of Service	Salary Growth Rate							
1-2	12.30%							
Above 2	4.70%							

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Actuarial Assumptions (continued)

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

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

<u>MERS</u>	<u>MPERS</u>
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.60% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 6.95% for the year ended June 30, 2022.	The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.66% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 8.06% for the year ended June 30, 2022.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2022:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	53.0%	-	2.31%	-
Equity	-	55.5%	-	3.60%
Public fixed income	38.0%	-	1.65%	-
Fixed income	-	30.5%	-	0.85%
Alternatives	9.0%	14.0%	0.39%	0.95%
Total	<u>100.0%</u>	<u>100.0%</u>	4.35%	5.40%
Inflation			<u>2.60%</u>	<u>2.66%</u>
Expected Arithmetic Nominal Return			<u>6.95%</u>	<u>8.06%</u>

Discount Rate:

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 6.850% and 6.750%, respectively for the measurement period ending June 30, 2022.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS (Plan B)			
Rates	5.850%	6.850%	7.850%
Town of Lutcher's Share of NPL	\$ 998,684	\$ 732,608	\$ 507,571
MPERS			
Rates	5.750%	6.750%	7.750%
Town of Lutcher's Share of NPL	\$ 446,340	\$ 318,858	\$ 212,368

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

15. Restricted Assets

Under the terms of the bond indentures for the general obligation bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems. The balances in the reserve accounts total \$313,391.

As of April 30, 2023, the Town was in compliance with all related debt covenants, excluding the late debt payments identified in the schedule of findings and questioned costs.

At April 30, 2023, the Town has \$125,150 of cash restricted for the refunding of customer meter deposits.

16. Commitments and Contingencies

Commitments

The Town has entered into a contract effective November 1, 2022 with a Company for the collection of residential and commercial waste. The contract expires October 31, 2027. Payments made to the Company are based on a preestablished fee schedule that is billed monthly at a rate per residential and commercial unit. Expenditures amounted to over \$250,000 for the year ended April 30, 2023.

Contingencies

The Town received one-half of its allocated portion of the federal Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) enacted under the American Rescue Plan Act totaling \$588,620 in the prior year. In September 2022, the Town received its remaining allocation totaling \$588,620. As of April 30, 2023, the Town has spent nearly \$260,000 on improvements utilizing these funds. The remaining amount received but not yet spent is recorded as unearned revenue in the Sewer Fund. The Town expects to spend the remainder of these funds during 2024 and subsequent years on eligible expenditures. These funds are subject to repayment to the United States Treasury if not spent on eligible activities or programs.

Additionally, the Town has been awarded funding through the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) as a result of Hurricane Ida. As of April 30, 2023, the Town has received approximately \$240,000 that has not yet been spent on eligible expenditures. The amount of funds received but not yet spent are recorded as unearned revenues in the General Fund.

17. Tax Abatement

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending April 30, 2023, the Town did not participate in any Tax Exemption Programs.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

18. Detailed Restricted Net Position and Fund Balances

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

	Governmental Activities	Business Type Activities	Total
Net position restricted for:			
Debt services:			
Debt service for Water Fund general obligation bonds	\$ -	\$ 218,708	\$ 218,708
Debt service for Water Fund taxable limited bonds	-	12,513	12,513
Debt service for Sewer Fund taxable limited bonds	-	12,091	12,091
Debt service for general obligation bonds	19,370	-	19,370
Debt service for hurricane recovery bonds	44,459	-	44,459
Capital improvements:			
Road maintenance	470,000	-	470,000
Total restricted net position	\$ 533,829	\$ 243,312	\$ 777,141

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

	General Fund	Debt Service Fund	Total Governmental Funds
Fund balances:			
Nonspendable:			
Prepaid insurance	\$ 1,087	\$ -	\$ 1,087
Restricted:			
Debt services:			
Debt service for general obligation bonds	-	19,370	19,370
Debt service for hurricane recovery bonds	-	44,459	44,459
Capital improvements:			
Road maintenance	470,000	-	470,000
Total Restricted	470,000	63,829	533,829
Unassigned	147,140	-	147,140
Total fund balances	\$ 618,227	\$ 63,829	\$ 682,056

19. Subsequent Events

In June 2023, the Town issued Taxable Utilities Revenue Bond, Series 2023 in the amount of \$862,000 with an interest rate of 1.95 percent. As of the date these financial statements were made available, the Town has drawn approximately \$40,000. The bond is set to mature December 1, 2042.

TOWN OF LUTCHER
Lutcher, Louisiana

NOTES TO FINANCIAL STATEMENTS
April 30, 2023

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

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

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is intended to improve financial reporting in relation to these types of arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022. The Town will include the requirements of this statement, as applicable, in its April 30, 2024 financial statements. The effect of this statement or its applicability to the Town is unknown at this time.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*. This statement is intended to streamline the accounting for these types of arrangements with those arrangements listed under GASB 87. The requirements of this statement are effective for periods beginning after June 15, 2022. The Town will include the requirements of this statement, as applicable, in its April 30, 2024 financial statements. The effect of this statement or its applicability to the Town is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF THE TOWN OF LUTCHER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED APRIL 30, 2023 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System (Plan B)						
	2022	0.8344%	\$ 732,608	\$ 564,443	129.7931%	69.56%
	2021	0.8076%	467,829	517,613	90.3820%	79.14%
	2020	0.7701%	697,921	550,215	126.8451%	66.26%
	2019	0.7689%	672,682	587,831	114.4346%	66.14%
	2018	0.7692%	650,632	570,056	114.1348%	65.60%
	2017	0.7650%	661,937	567,857	116.5676%	63.49%
	2016	0.7560%	626,671	555,452	112.8218%	63.34%
	2015	0.6997%	475,515	485,462	97.9510%	68.71%
	2014	0.6330%	297,170	397,823	74.6990%	76.94%
Municipal Police Employees' Retirement System						
	2022	0.0312%	\$ 318,858	\$ 96,299	331.1125%	70.80%
	2021	0.0154%	82,085	46,981	174.7196%	84.09%
	2020	0.0152%	140,234	46,865	299.2297%	70.94%
	2019	0.0147%	133,773	46,000	290.8109%	71.01%
	2018	0.0156%	131,773	46,000	286.4630%	71.90%
	2017	0.0154%	134,527	46,000	292.3450%	70.08%
	2016	0.0113%	106,044	31,692	334.6081%	66.04%

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

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

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
(DEFINED BENEFIT COST SHARING PLANS ONLY)
FOR THE YEAR ENDED APRIL 30, 2023

Pension Plan:	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll ³	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System (Plan B)						
	2023	\$ 97,404	\$ 97,404	\$ -	\$ 628,413	15.5000%
	2022	85,759	85,759	-	553,285	15.5000%
	2021	78,434	78,434	-	513,570	15.2723%
	2020	81,895	81,895	-	584,965	14.0000%
	2019	81,078	81,078	-	585,011	13.8592%
	2018	73,185	73,185	-	571,192	12.8127%
	2017	60,237	60,237	-	561,941	10.7195%
	2016	50,977	50,977	-	536,600	9.5000%
	2015	43,671	43,671	-	464,868	9.3943%
Municipal Police Employees' Retirement System						
	2023	\$ 43,690	\$ 43,690	\$ -	\$ 140,657	31.0614%
	2022	25,915	25,915	-	86,099	30.0991%
	2021	15,687	15,687	-	46,750	33.5551%
	2020	15,672	15,672	-	48,288	32.4553%
	2019	14,705	14,705	-	46,000	31.9672%
	2018	14,232	14,232	-	46,000	30.9391%
	2017	14,410	14,410	-	46,000	31.3261%
	2016	6,785	6,785	-	23,000	29.5000%

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

For reference only:

¹ *Employer contribution rate multiplied by covered payroll*

² *Actual employer contributions remitted to Retirement Systems*

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

See the accompanying notes to the Required Supplementary Information.

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2023

Changes of Benefit Terms include:

Municipal Employee's Retirement System (Plan B)

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

Municipal Police Employee's Retirement System

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

Changes of Assumptions:

Municipal Employee's Retirement System (Plan B)

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

<i>Discount Rate:</i>				<i>Merit:</i>			
Year End	Measurement date	Rate	Change	Year End	Measurement date	Rate	Change
4/30/2023	6/30/2022	6.850%	0.000%	4/30/2023	6/30/2022	2.400%	0.000%
4/30/2022	6/30/2021	6.850%	-0.100%	4/30/2022	6/30/2021	2.400%	0.000%
4/30/2021	6/30/2020	6.950%	-0.050%	4/30/2021	6/30/2020	2.400%	0.000%
4/30/2020	6/30/2019	7.000%	-0.275%	4/30/2020	6/30/2019	2.400%	0.000%
4/30/2019	6/30/2018	7.275%	-0.525%	4/30/2019	6/30/2018	2.400%	0.275%
4/30/2018	6/30/2017	7.800%	0.300%	4/30/2018	6/30/2017	2.125%	0.000%
4/30/2017	6/30/2016	7.500%	0.000%	4/30/2017	6/30/2016	2.125%	0.000%
4/30/2016	6/30/2015	7.500%	-0.250%	4/30/2016	6/30/2015	2.125%	-0.625%
4/30/2015	6/30/2014	7.750%		4/30/2015	6/30/2014	2.750%	

<i>Inflation Rate:</i>				<i>Salary Increases:</i>			
Year End	Measurement date	Rate	Change	Year End	Measurement date	Rate	Change
4/30/2023	6/30/2022	2.500%	0.000%	4/30/2023	6/30/2022	4.9% - 7.4%	0.000%
4/30/2022	6/30/2021	2.500%	0.000%	4/30/2022	6/30/2021	4.9% - 7.4%	0.000%
4/30/2021	6/30/2020	2.500%	0.000%	4/30/2021	6/30/2020	4.9% - 7.4%	0.000%
4/30/2020	6/30/2019	2.500%	-0.100%	4/30/2020	6/30/2019	4.9% - 7.4%	-0.1% - 2.4%
4/30/2019	6/30/2018	2.600%	-0.175%	4/30/2019	6/30/2018	5.000%	0.000%
4/30/2018	6/30/2017	2.775%	-0.100%	4/30/2018	6/30/2017	5.000%	0.000%
4/30/2017	6/30/2016	2.875%	0.000%	4/30/2017	6/30/2016	5.000%	0.000%
4/30/2016	6/30/2015	2.875%	-0.125%	4/30/2016	6/30/2015	5.000%	-0.750%
4/30/2015	6/30/2014	3.000%		4/30/2015	6/30/2014	5.750%	

TOWN OF LUTCHER
Lutcher, Louisiana
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED APRIL 30, 2023

Changes of Assumptions: (continued)

Municipal Police Employee's Retirement System

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

<i>Discount Rate:</i>				<i>Inflation Rate:</i>			
Year End	Measurement date	Rate	Change	Year End	Measurement date	Rate	Change
4/30/2023	6/30/2022	6.750%	0.000%	4/30/2023	6/30/2022	2.500%	0.000%
4/30/2022	6/30/2021	6.750%	-0.200%	4/30/2022	6/30/2021	2.500%	0.000%
4/30/2021	6/30/2020	6.950%	-0.175%	4/30/2021	6/30/2020	2.500%	0.000%
4/30/2020	6/30/2019	7.125%	-0.075%	4/30/2020	6/30/2019	2.500%	-0.100%
4/30/2019	6/30/2018	7.200%	-0.125%	4/30/2019	6/30/2018	2.600%	-0.100%
4/30/2018	6/30/2017	7.325%	-0.175%	4/30/2018	6/30/2017	2.700%	-0.175%
4/30/2017	6/30/2016	7.500%		4/30/2017	6/30/2016	2.875%	

Salary Increases including Merit:

Year End	Measurement date	Rate	Change
4/30/2023	6/30/2022	2.2% - 9.8%	0.000%
4/30/2022	6/30/2021	2.2% - 9.8%	0.000%
4/30/2021	6/30/2020	2.2% - 9.8%	0.45% - 2.55%
4/30/2020	6/30/2019	1.75% - 7.25%	0.10%
4/30/2019	6/30/2018	1.65% - 7.15%	0.10%
4/30/2018	6/30/2017	1.55% - 7.05%	0.175%
4/30/2017	6/30/2016	1.375% - 6.875%	

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED APRIL 30, 2023

	Original Budget	Final Amended Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 825,000	\$ 889,000	\$ 909,401	\$ 20,401
Franchise taxes	100,000	120,000	121,112	1,112
Garbage fees	243,000	240,200	244,814	4,614
Licenses and permits	146,200	156,200	152,172	(4,028)
Intergovernmental revenues:				
Beer	1,000	1,000	1,013	13
Grants	684,441	975,000	333,331	(641,669)
Fines	1,000	3,700	4,218	518
Other revenue	15,500	24,100	21,088	(3,012)
Total revenues	2,016,141	2,409,200	1,787,149	(622,051)
<u>EXPENDITURES</u>				
Current:				
General government	502,900	1,422,650	846,203	576,447
Streets and drainage	385,500	452,475	608,955	(156,480)
Public safety	338,600	413,250	392,405	20,845
Sanitation	270,000	270,000	269,296	704
Capital outlay	915,500	985,000	903,423	81,577
Total expenditures	2,412,500	3,543,375	3,020,282	523,093
<u>EXCESS OF REVENUES</u>				
<u>UNDER EXPENDITURES</u>	(396,359)	(1,134,175)	(1,233,133)	(1,145,144)
<u>OTHER FINANCING SOURCES (USES)</u>				
General obligation bonds issued	1,700,000	1,200,000	1,250,000	50,000
Bond issuance costs	-	-	(45,200)	(45,200)
Transfers in	500,000	500,000	500,000	-
Transfers out	-	-	(575,939)	(575,939)
Total other financing sources	2,200,000	1,700,000	1,128,861	(571,139)
<u>NET CHANGE IN FUND BALANCE</u>	1,803,641	565,825	(104,272)	(1,716,283)
<u>FUND BALANCE</u>				
Beginning of year	246,385	722,499	722,499	-
End of year	\$ 2,050,026	\$ 1,288,324	\$ 618,227	\$ (1,716,283)

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2023

	Original Budget	Final Amended Budget	Actual	Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>				
Salaries	\$ 208,650	\$ 266,950	\$ 280,878	\$ (13,928)
Professional fees	46,000	66,000	33,659	32,341
Electricity	15,000	15,000	10,754	4,246
Insurance	68,500	64,500	65,569	(1,069)
Supplies and maintenance	16,500	24,600	18,349	6,251
Miscellaneous	42,250	26,750	39,942	(13,192)
Retirement	20,000	28,000	26,166	1,834
Office expenses	19,500	38,850	42,248	(3,398)
Payroll taxes	18,000	20,000	19,319	681
Per diem	20,000	22,000	20,053	1,947
Dues and subscriptions	2,500	4,500	2,403	2,097
Education and conventions	6,000	6,000	5,874	126
Computer	8,000	25,000	18,254	6,746
Hurricane response	-	800,000	249,710	550,290
Telephone	12,000	14,500	13,025	1,475
Total general government	<u>502,900</u>	<u>1,422,650</u>	<u>846,203</u>	<u>576,447</u>
<u>STREETS AND DRAINAGE</u>				
Salaries	80,000	50,000	49,359	641
Payroll taxes	8,000	4,000	3,765	235
Miscellaneous	35,000	32,675	34,614	(1,939)
Gasoline, oil, and diesel	9,000	9,000	6,906	2,094
Street drainage and ditching	5,000	6,000	5,642	358
Beautification	8,000	1,200	1,140	60
Truck and tractor expense	6,000	25,000	21,314	3,686
Supplies and maintenance	59,000	128,100	303,676	(175,576)
Electricity	75,000	90,000	86,665	3,335
Insurance	38,000	7,000	4,475	2,525
Retirement	8,000	6,000	4,977	1,023
Uniforms	4,500	3,500	3,203	297
Grass cutting - contractor	50,000	90,000	83,219	6,781
Total streets and drainage	<u>385,500</u>	<u>452,475</u>	<u>608,955</u>	<u>(156,480)</u>

(continued)

TOWN OF LUTCHER
Lutcher, Louisiana
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED APRIL 30, 2023

	Original Budget	Final Amended Budget	Actual	Favorable (Unfavorable)
<u>PUBLIC SAFETY</u>				
Salaries	201,250	216,250	213,070	3,180
Gasoline and oil	7,000	9,000	6,178	2,822
Uniforms	1,000	200	-	200
Telephone	3,000	3,200	3,199	1
Insurance	60,000	45,000	42,779	2,221
Vehicle expenses	2,500	4,500	4,130	370
Supplies and maintenance	2,000	5,000	4,755	245
Office supplies	1,000	1,000	596	404
Payroll taxes	14,000	18,000	17,364	636
Printing & publishing	500	100	62	38
Retirement	35,000	60,000	52,980	7,020
Miscellaneous	1,000	9,500	9,076	424
Computer	9,000	40,000	36,882	3,118
Education and convention	1,000	1,000	844	156
Dues and subscriptions	350	500	490	10
Total public safety	<u>338,600</u>	<u>413,250</u>	<u>392,405</u>	<u>20,845</u>
<u>SANITATION</u>				
Solid waste disposal	270,000	270,000	269,296	704
Total sanitation	<u>270,000</u>	<u>270,000</u>	<u>269,296</u>	<u>704</u>
<u>CAPITAL OUTLAY</u>				
Capital outlay	915,500	985,000	903,423	81,577
Total capital outlay	<u>915,500</u>	<u>985,000</u>	<u>903,423</u>	<u>81,577</u>
Total all departments	<u>\$ 2,412,500</u>	<u>\$ 3,543,375</u>	<u>\$ 3,020,282</u>	<u>\$ 523,093</u>

(concluded)

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lutchet, Louisiana, (the Town) as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 27, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 questioned costs as items 2023-002 and 2023-003.



Town of Lutchet's Response to Findings

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

Purpose of this Report

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 27, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Town of Lutcher, State of Louisiana's (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Town's major federal program for the year ended April 30, 2023. The Town's major federal program is identified in the summary of auditors' results section in the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended April 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Donaldsonville, LA
October 27, 2023

Town of Lutch
Lutch, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2023

Federal Grantor/Passthrough Grantor/Program Title	Federal Assistance Lising Number	Pass-through Grantor's/Project Number	Total Current Year Expenditures
UNITED STATES DEPARTMENT OF THE TREASURY			
COVID 19 - Direct Program - Coronavirus State and Local Fiscal Recovery Funds	21.027	-	\$ 259,700
Total United States Department of the Treasury			<u>259,700</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Passed through the Louisiana Governor's Office of Homeland Security and Emergency Preparedness			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR4611	663,623
Total United States Department of Homeland Security			<u>663,623</u>
Totals			<u>\$ 923,323</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Lutch under programs of the federal government for the year ended April 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Town of Lutch, it is not intended and does not present the financial position, changes in net position, or cash flows of Town of Lutch.

NOTE B - RECONCILIATION OF FEDERAL EXPENDITURES

Federal Assistance expended as reported on Schedule of Expenditures of Federal Awards	\$ 923,323
Less: FEMA revenue not recognized due to the "availability" criteria not being met	(74,436)
Less: Revenues recognized in FY 2022 but not reported on SEFA due to obligation date	(127,974)
Federal Grant Revenues	<u>\$ 720,913</u>
Governmental funds grant revenues	\$ 333,331
Proprietary funds grant revenues	457,582
Less: State and local sources	(70,000)
Federal Grant Revenues	<u>\$ 720,913</u>

NOTE C - SUBAWARDS

Town of Lutch did not pass through any subawards during the year ended April 30, 2023.

NOTE D - INDIRECT COST RATE

Town of Lutch has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2023

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified x Yes No
- Significant deficiency identified not considered to be a material weakness? Yes x None reported

Noncompliance material to financial statements noted? x Yes No

Federal Awards

Internal control over financial reporting:

- Material weakness identified Yes x No
- Significant deficiency identified not considered to be a material weakness? Yes x None reported

Type of auditors' report issued: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes x None reported

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number</u>
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> x </u> No

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2023-001 INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: Internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Town, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, we noted several accounts which required adjustment in order for them to properly reflect end of year balances. These accounts included various receivable and liability accruals. Additionally, the Town has new cash accounts which are not being properly reconciled.

Cause: The Town experienced turnover in key positions during the fiscal year.

Effect: Inaccurate financial information provided to the Board could cause inappropriate financial decisions.

Recommendation: The Town should develop procedures which include reconciling accounts payable and receivable aging reports to the general ledger. The Town should also ensure that all bank accounts are being reconciled timely.

View of Responsible Official: Management will enhance accounting procedures to include the reconciliations recommended.

COMPLIANCE WITH LAWS AND REGULATIONS

2023-002 BOND REQUIREMENTS

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

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

Cause: The Town's approval of the debt service payment did not happen effectively to get the payment processed timely.

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

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

View of Responsible Official: The Town changed its procedures for payment approval of debt service payments.

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (continued)

2023-003 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 38:1311 requires the governmental entity to revise its budget when budgeted revenues and other sources exceed anticipated revenues and other sources by five percent or more.

Condition: Budgeted revenues and other sources in the General Fund exceeded actual revenues and other sources by more than five percent.

Cause: The Town failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 39:1311.

Effect: The Town may not be in compliance with the requirements of Louisiana Revised Statute 39:1311

Recommendation: The Town should comply with the Local Government Budget Act.

View of Responsible Official: The Town will amend its budget when necessary as required by the Local Government Budget Act.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

TOWN OF LUTCHER
Lutcher, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED APRIL 30, 2023

A. FINDINGS – FINANCIAL STATEMENT AUDIT

COMPLIANCE WITH LAWS AND REGULATIONS

2022-001 BOND REQUIREMENTS

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

Current Status: Similar finding reported for fiscal year 2023. See finding 2023-002.

SUPPLEMENTARY INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED APRIL 30, 2023

Mayor:		
Patrick St. Pierre	\$	36,250
Alderpeople:		
Rowdy K. Scott (January 1, 2023 - April 30, 2023)		2,740
Darlene Riley (May 1, 2022 - December 31, 2022)		8,140
Shanrick Burns (January 1, 2023 - April 30, 2023)		2,700
Donald Batiste		10,880
Danny Manuel (May 1, 2022 - April 30, 2023)		8,180
Ronald J. St. Pierre		10,920
Thomas George		10,880
Chief of Police:		
Dwan Bowser		49,400
	<u>\$</u>	<u>140,090</u>

TOWN OF LUTCHER
Lutcher, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
YEAR ENDED APRIL 30, 2023

Agency Head Name/Title: Mayor Patrick St. Pierre

<u>Purpose</u>		<u>Amount</u>
Salary	\$	36,250
Benefits - insurance		20,701
Benefits - retirement		5,619
Benefits – short term disability		49
Conferences		224
Special meals		849
Telephone expense		160
Mileage		8,033
Other		208
Total	\$	<u>72,093</u>

TOWN OF LUTCHER
Lutcher, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
FOR THE YEAR ENDED APRIL 30, 2023

	First Six Month Period Ended 10/31/21	Second Six Month Period Ended 4/30/22
Beginning Balance of Amounts Collected	\$ -	\$ -
Add Collections:		
<i>Criminal Fines - Other</i>	2,692	1,526
Subtotal Collections	2,692	1,526
Less Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency: <i>Criminal Fines - Other</i>	2,692	1,526
Subtotal Disbursements/Retainage	2,692	1,526
Ending Balance of Amounts Collected but Not Disbursed	\$ -	\$ -

OTHER INFORMATION

TOWN OF LUTCHER
Lutcher, Louisiana

INSURANCE-IN-FORCE
April 30, 2023
(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
General Liability (business, auto, crime, law enforcement & public officials)	Risk Management, Inc.	May 1, 2024	\$ 4,000,000
Boiler & Machinery Equip.	Rod Prejean & Assoc.	May 1, 2024	\$ 3,478,761
Public Officials Bond	Rod Prejean & Assoc.	January 24, 2024	\$ 10,000
Commercial Property	Englade Boudreaux	June 12, 2024	\$ 3,208,493
Commercial Property Equipment	Englade Boudreaux	June 12, 2024	\$207,486
Commercial Wind and Hail	Englade Boudreaux	June 12, 2024	\$750,000
FHA Bond	Rod Prejean & Assoc.	January 27, 2024	\$ 70,000
Governmental Crime Policy	Rod Prejean & Assoc.	March 23, 2024	\$ 10,000
Vehicle Physical Damage	Rod Prejean & Assoc.	May 1, 2024	\$ 407,317
Workers Compensation	Risk Management, Inc.	May 1, 2024	\$700,000

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS

APRIL 30, 2023

(Without Audit)

Statistics on System Operations

- (a) As of April 30, 2023 the number of metered customers was 1,306 and 1,249 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at April 30, 2023.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 2023 for water and sewer services:

(1) Water

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

Residential Customers

0 – 2,500 gallons	\$19.68 (base rate)
Over 2,500 gallons	\$4.49 per 1,000 gallons or fraction thereof

Small Commercial Customers

0 – 5,000 gallons	\$43.99 (base rate)
Over 5,000 gallons	\$4.49 per 1,000 gallons or fraction thereof

Medium Commercial Customers

0 – 10,000 gallons	\$61.00 (base rate)
Over 10,000 gallons	\$4.49 per 1,000 gallons or fraction thereof

Large Commercial Customers

0 – 25,000 gallons	\$77.75 (base rate)
Over 25,000 gallons	\$4.49 per 1,000 gallons or fraction thereof

TOWN OF LUTCHER
Lutcher, Louisiana

PUBLIC UTILITY SYSTEM OPERATIONS

APRIL 30, 2023

(Without Audit)

Statistics on System Operations (continued)

(2) Sewer

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

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

(c) Average monthly billing per customer during the year ended April 30, 2023:

1. Water	\$ <u>38.64</u>
2. Sewer	\$ <u>19.12</u>



Mayor
Patrick P. St. Pierre

Aldermen
Donald J. Batiste, Sr.
Shanrick L. Burns
Thomas George
Rowdy K. Scott, Jr.
Ronald J. St. Pierre

Town of Lutcher

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



Town Clerk
Kevin H. Criddle

Town Attorney
Wilbur W. Reynaud

Chief of Police
Dwan B. Bowser

October 27, 2023

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

The purpose of this communication is to respond to issues included in the letter for the audit period which ended April 30, 2023.

MATERIAL WEAKNESS

2023-001 INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: Internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Town, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, we noted several accounts which required adjustment in order for them to properly reflect end-of-year balances. These accounts included various receivable and liability accruals. Additionally, the Town has new cash accounts

which are not being properly reconciled.

Cause: The Town experienced turnover in key positions during the fiscal year.

Effect: Inaccurate financial information provided to the Board could cause inappropriate financial decisions.

Recommendation: The Town should develop procedures which include reconciling accounts payable and receivable aging reports to the general ledger. The Town should also ensure that all bank accounts are being reconciled timely.

View of Responsible Official: Management will enhance accounting procedures to include the reconciliations recommended.

Corrective Action –Management will complete and train employees on formal reconciliations on all accounts.

COMPLIANCE WITH LAWS AND

REGULATIONS 2023-002 BOND

REQUIREMENTS

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

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

Cause: The Town's approval of the debt service payment did not happen efficient enough to get the payment processed timely.

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

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

View of Responsible Official: The Town changed its procedures for payment approval of debt service payments.

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

2023-003 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 38:1311 requires the governmental entity to revise its budget when budgeted revenues and other sources exceed anticipated revenues and other sources by five percent or more.

Condition: Budgeted revenues and other sources in the General Fund exceeded actual revenues and other sources by more than five percent.

Cause: The Town failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 39:1311.

Effect: The Town may not be in compliance with the requirements of Louisiana Revised Statute 39:1311

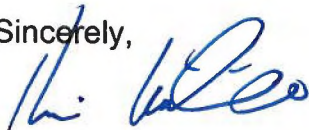
Recommendation: The Town should comply with the Local Government Budget Act.

View of Responsible Official: The Town will amend its budget when necessary as required by the Local Government Budget Act.

Corrective Action – Management intends to train employees on the Local Government Budget Act.

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

Sincerely,



Kevin H. Criddle
Town Clerk

TOWN OF LUTCHER

REPORT ON STATEWIDE

AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL

AREAS

FOR THE YEAR ENDED APRIL 30, 2023

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2022 through April 30, 2023. Town of Lutchet's management is responsible for those C/C areas identified in the SAUPs.

Town of Lutchet has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period May 1, 2022 through April 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

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

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 27, 2023

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management.*” If not, then a description of the exception ensues.

1) Written Policies and Procedures

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

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

No exceptions noted.

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

No exceptions noted.

iii. ***Disbursements***, including processing, reviewing, and approving.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

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

No exceptions noted.

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

No exceptions noted.

- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

The Entity has written policies for Sexual Harassment; however the policy does not specifically address (3) annual reporting.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

2) Board or Finance Committee

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

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

No exception noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

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

No exception noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No monthly written updates of the progress of resolving audit findings were provided to the Board of Aldermen.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

3) Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 16 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (3 main operating and 2 randomly) and obtained the bank reconciliations for the month ending August 31, 2022, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

Of the five bank reconciliations obtained, one did not have a formal reconciliation performed at any time during the fiscal year.

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

Of the five bank reconciliations obtained, one did not have a formal reconciliation performed at any time during the fiscal year.

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

Of the five bank accounts selected, one did not have a formal reconciliation performed at any time during the fiscal year. Of the four remaining bank accounts, one bank reconciliation had reconciling items that have been outstanding for more than twelve months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

4) Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included a total of one deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one deposit site and performed the procedures below.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

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

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

We selected the one collection location for the one deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

The three employees responsible for cash collections share cash drawers/registers.

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

The three employees responsible for collecting cash also prepare/make the bank deposit and reconciles collection documentation to the deposit.

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

Two of the three employees responsible for collecting cash also post collection entries to the general ledger and reconciles ledger postings to each other and the deposit.

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

The employee responsible for reconciling cash collections to the general ledger is also, at certain times, responsible for collecting cash without verification from another employee.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

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

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

- i. Observe that receipts are sequentially pre-numbered.
The Entity does not maintain sequentially pre-numbered receipts.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

5) *Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

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

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

From the listing provided, we randomly selected the one location and performed the procedures below.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
No exceptions noted.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
No exceptions noted.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
No exceptions noted.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

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

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

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
No exceptions noted.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
No exceptions noted.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
A listing of cards was provided. No exceptions were noted as a result of performing this procedure.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
From the listing provided, we randomly selected five cards (two credit cards and three fuel cards) used in the fiscal period. We randomly selected one monthly statement for each of the five cards selected and performed the procedures noted below.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

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

No exceptions noted.

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

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We randomly selected 15 transactions for two of the five cards selected in procedure #12 (three fuel cards excluded) and performed the specified procedures. No exceptions noted.

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

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

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

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

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

Of the five reimbursements selected for our procedures, none used a per diem. No exceptions noted.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

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

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by “Written Policies and Procedures”, procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

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

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

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

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

Of the 5 contracts selected for our procedures, 0 were subject to Louisiana Public Bid Law.

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

No exceptions noted.

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

No exceptions noted.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

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

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.

9) Payroll and Personnel

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

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

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

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected one pay period during the fiscal period and performed the procedures below for the five employees/officials selected in procedure #16.

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions noted.
- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions noted.
- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
None of the five employees selected took leave during the pay period selected for our procedures.
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions noted.

TOWN OF LUTCHER
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
APRIL 30, 2023

Schedule A

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

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

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

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions noted.

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

There were no changes to the ethics policy in the current fiscal year; therefore, this procedure is not applicable.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

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AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
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Schedule A

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

No exceptions noted.

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

A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected one bond/note and performed the specified procedures. No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

There were no misappropriations of public funds and assets reported during the fiscal period. No exceptions were noted as a result of performing this procedure.

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

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

TOWN OF LUTCHER
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Schedule A

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

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

No exceptions noted.

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

- i. Number and percentage of public servants in the agency who have completed the training requirements;

The Entity had not completed/submitted the annual report on or before February 1.

- ii. Number of sexual harassment complaints received by the agency;

The Entity had not completed/submitted the annual report at the time of performing this procedure.

TOWN OF LUTCHER
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Schedule A

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
The Entity had not completed/submitted the annual report at the time of performing this procedure.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
The Entity had not completed/submitted the annual report at the time of performing this procedure.

- v. Amount of time it took to resolve each complaint.
The Entity had not completed/submitted the annual report at the time of performing this procedure.



Mayor
Patrick P. St. Pierre

Aldermen
Donald J. Batiste, Sr.
Shanrick L. Burns
Thomas George
Rowdy K. Scott, Jr.
Ronald J. St. Pierre

Town of Lutchier

St. James Parish
P.O. Box 456
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Telephone: (225) 869-5823
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Town Clerk
Kevin H. Criddle

Town Attorney
Wilbur W. Reynaud

Chief of Police
Dwan B. Bowser

Schedule B

October 27, 2023

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

The purpose of this communication is to respond to issues included in the Statewide Agreed-Upon Procedures (SAUPs) letter for the audit period which ended April 30, 2023.

1) *Written Policies and Procedures*

- Corrective Action - Management will implement and establish procedures to ensure the following:
- Management has begun the process to train employees on sexual harassment annual reporting policy and assuring each employee completes all training.

2) *Board or Finance Committee*

- Management intends to update progress of audit findings to the Board of Alderman as they are corrected.

3) *Bank Reconciliations*

- Management will complete a formal reconciliation on all accounts,

"Equal Opportunity Employer"

October 27, 2023

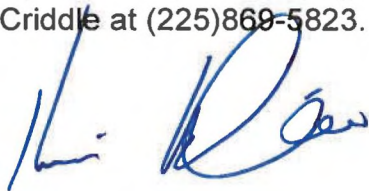
4) Collections (excluding electronic funds transfers)

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

14) Prevention of Sexual Harassment

- Management will train employees on policies /procedures guide that is have been written.
- The Town will address their written policy for Sexual Harassment and include annual reporting before February 1.

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



Kevin H. Criddle
Town Clerk