

TOWN OF SLAUGHTER, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2020

**Town of Slaughter, Louisiana  
Annual Financial Statements  
As of and for the Year Ended June 30, 2020  
With Supplemental Information Schedules**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Robert Jackson, Mayor  
And Members of the Board of Aldermen  
Town of Slaughter  
PO Box 293  
Slaughter, LA 70777

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Slaughter, Louisiana as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Slaughter, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the Town's proportionate share of net pension liability, and the schedule of the Town's contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

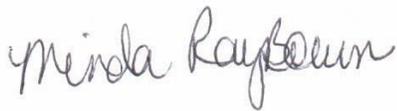
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid to board members and the schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated March 24, 2021 on my consideration of the Town of Slaughter’s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Slaughter’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA  
Franklinton, LA  
March 24, 2021

Required Supplemental Information (Part I)  
Management's Discussion and Analysis

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

The Town of Slaughter, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in Footnote 1 – *Summary of Significant Accounting Policies*.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements.

### **Financial Highlights**

- As of June 30, 2020, the Town's assets exceeded its liabilities by \$2,046,729 (net position). The town reported a balance of \$14,334 in total unrestricted net assets.
- The most significant ongoing continuing revenue sources for governmental activities of the Town consisted of \$160,132 in sales taxes, \$64,980 in franchise taxes, \$38,376 in property taxes, and \$55,639 in occupational license fees. Charges for business-type activities of the utility fund were \$366,444 in gas charges and \$358,481 in water charges.
- The Town's significant expenditures in the current year for governmental activities included \$389,132 for general governmental activities, \$286,563 for police protection, \$135,626 for fire protection, and \$88,145 for street and sidewalk expenditures. Expenses for business-type activities of the gas and water departments totaled \$601,898.
- For the year ended June 30, 2020 the Town's bonds payable in long term debt was \$1,260,490 related to the Water Revenue Bonds payable. The Town paid principal payments in the amount of \$73,000.
- The Town entered into a capital lease agreement for the purchase of a pumper truck in the prior year. The amount of the lease payable is \$66,406. The Town recognized principal payments in the amount of \$6,930.

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

**Overview of the Annual Financial Report**

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the Town of Slaughter has no component units.

The Statement of Net Position presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

**Governmental activities** - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, fire insurance rebates, and fines.

**Business-type activities** - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statement's insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for the current year as compared to the prior year.

**Town of Slaughter's Net Position**

	Governmental Activities		Business-type Activities		Totals	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>						
Current and other assets	\$ 433,840	\$ 550,495	\$ 302,448	\$ 1,185,095	\$ 736,288	\$ 1,735,590
Restricted assets	189,828	154,265	233,568	173,715	423,396	327,980
Capital assets, net	<u>1,520,887</u>	<u>1,353,589</u>	<u>1,407,800</u>	<u>1,494,339</u>	<u>2,928,687</u>	<u>2,847,928</u>
Total Assets	2,144,555	2,058,349	1,943,816	2,853,149	4,088,371	4,911,498
DEFERRED OUTFLOWS	26,948	51,744	71,445	103,995	7,017,058	7,759,426
<b>LIABILITIES</b>						
Current liabilities	87,952	53,544	95,080	1,234,079	183,032	1,287,623
Long-term liabilities	<u>157,148</u>	<u>161,176</u>	<u>1,792,584</u>	<u>1,524,167</u>	<u>1,949,732</u>	<u>1,685,343</u>
Total Liabilities	245,100	214,720	1,887,664	2,758,246	2,132,764	2,972,966
DEFERRED INFLOWS	<u>2,263</u>	<u>29,682</u>	<u>5,008</u>	<u>8,811</u>	<u>7,271</u>	<u>38,493</u>
<b>NET POSITION</b>						
Net investment in capital assets	1,461,688	1,287,183	147,311	160,849	1,608,999	1,448,032
Restricted	189,828	154,265	233,568	260,564	423,396	414,829
Unrestricted	<u>272,623</u>	<u>424,243</u>	<u>(258,289)</u>	<u>(231,326)</u>	<u>14,334</u>	<u>192,917</u>
Total Net Position	<u>1,924,139</u>	<u>1,865,691</u>	<u>122,589</u>	<u>190,087</u>	<u>2,046,729</u>	<u>2,055,778</u>

Approximately seventy-nine percent of the Town's net position reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements, net of depreciation and the remaining debt held on those assets). These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately twenty-one percent of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position primarily consists of fund balances restricted by legislation, capital projects funds, grants, and other specified purposes in governmental activities and cash reserves required for customer deposits in business-type activities net of corresponding liabilities. The Town's unrestricted net position was nine percent of the Town's net position.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position, for governmental activities. The unrestricted net position for business-type activities had a deficient of \$258,289 due to the implementation of GASB 68 and 71. The Town's activities decreased its total net position by \$9,050, with governmental activities increasing net position by \$58,448 and business-type activities decreasing net position by \$67,498.

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

In order to further understand what makes up the changes in net position, the table following provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

**CHANGE IN NET POSITION**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Totals</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>						
Charges for services	\$ 187,519	\$ 259,530	\$ 738,792	\$ 755,543	\$ 926,311	\$ 1,015,073
Grants and Contributions:						
Operating	2,482	20,292	3,258	32,858	5,740	53,150
Capital	215,679	120,000	-	-	215,679	120,000
General Revenues:						
Licenses and permits	55,639	70,096	-	-	55,639	70,096
Franchise fees	64,980	69,120	-	-	64,980	69,120
Taxes	198,507	200,590	-	-	198,507	200,590
Interest earned	685	255	350	291	1,035	546
Other revenues	17,494	29,061			17,494	29,061
Total Revenues	<u>742,985</u>	<u>768,944</u>	<u>742,400</u>	<u>788,692</u>	<u>1,485,385</u>	<u>1,557,636</u>
<b>EXPENSES</b>						
General government	389,132	413,002			389,132	413,002
Public safety-Police	286,563	212,690			286,563	212,690
Public safety-Fire	138,558	138,968			138,558	138,968
Streets and Sidewalks	88,145	79,497			88,145	79,497
Water	-	-	390,783	347,050	390,783	347,050
Gas	-	-	211,116	236,342	211,116	236,342
Total Expenses	<u>902,398</u>	<u>844,157</u>	<u>601,898</u>	<u>583,392</u>	<u>1,504,296</u>	<u>1,427,549</u>
Change in Net Position Before Transfers	(159,414)	(75,213)	140,502	205,300	(18,912)	130,087
Capital Transfers	9,862	-	-	-	9,862	-
Transfers in/(out)	208,000	171,000	(208,000)	(171,000)	-	-
Change in Net Position	58,448	95,787	(67,498)	34,300	(9,050)	130,087
Net Position, beginning of year - restated	<u>1,865,691</u>	<u>1,769,904</u>	<u>190,087</u>	<u>155,787</u>	<u>2,055,778</u>	<u>1,925,691</u>
Net Position, end of year	<u>\$ 1,924,139</u>	<u>\$ 1,865,691</u>	<u>\$ 122,589</u>	<u>\$ 190,087</u>	<u>\$ 2,046,728</u>	<u>\$ 2,055,778</u>

**Governmental Activities**

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

The Town's governmental net position increased \$58,448 as compared to the prior fiscal year change in net position of \$95,787. The most significant factor in this change in net position is a decrease in revenues of \$25,959 and an increase of expenditures of \$58,241.

Charges for services decreased by twenty-eight percent or \$72,011. Capital grant revenues increased eighty percent or \$95,679. Taxes decreased \$2,083 or one percent. Franchise fees decreased six percent or \$4,140. Other revenues decreased \$11,567.

General government expenditures decreased six percent or \$23,870. This was the result of the effects of GASB 68. The police department expenditures increased thirty-five percent or \$73,873. This was driven in part by the GASB 68 adjustments. The fire department expenditures decreased \$410. The expenditures in the streets and sidewalk funds increased eleven percent or \$8,648.

The Town recorded a capital transfer of \$9,862 as revenue. The Town purchased a pumper truck in 2018. The funds for the truck were received by the Slaughter Volunteer Fire Department, Inc. through a Pennington Foundation grant for \$350,000. The Parish-Wide East Feliciana Fire Protection District (Slaughter station funds) paid \$52,924 towards the cost of the truck. The Town entered into a capital lease agreement as the lessor for the remainder of the balance (\$80,000).

#### **Business-Type Activities**

Charges for water and gas sales decreased two percent or \$16,751. Expenditures for the water department increased \$43,733 or thirteen percent. Expenditures for the gas department decreased \$25,226 or eleven percent. Water expenditures increased due to an increase in materials, supplies, and repairs in maintenance. Gas expenditures decreased due to a decrease in the cost of gas purchases.

#### **Fund Financial Analysis**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may service as a useful indicator of the Town's net resources available for spending at the end of the year. At the end of the year, the Town's governmental funds reported combining ending fund balances of \$542,922. Fund balance was as follows: restricted for streets and sidewalks \$52,763, assigned for police protection \$63,757, assigned for fire protection \$25,201, and unassigned \$401,201.

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

This represents a decrease of \$115,224 all governmental funds after prior period adjustments, from the prior year's ending fund balance. The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the General Fund was \$599,925. All funds had a positive ending fund balance.

**Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Governmental Fund Budgetary Highlights**

There were no funds that had actual revenues and other sources under budgeted resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended June 30, 2020. The Town's general fund and special revenue fund expenditures and other uses were over budget resulting in unfavorable variances greater than five percent.

The expenditures in the general fund were over budget by 9.54%. The expenditures in the streets and sidewalks fund were over budget by 18.34%. Revenues in the general fund were over budget by 6.31%. Revenues in the street and sidewalks fund were under budget by 4.29%.

**Capital Assets**

The Town's capital assets for its governmental and business-type activities for June 30, 2020 amounts to \$2,928,687 (net of depreciation). The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year.

**Town of Slaughter, Louisiana  
June 30, 2020  
Management's Discussion and Analysis**

**Summary of Capital Assets  
(net of depreciation)**

	Governmental Activities	
	2020	2019
	2020	2019
Land	\$ 174,189	\$ 174,189
Buildings	316,922	316,097
Equipment and Vehicles	859,684	670,548
Infrastructure	170,092	192,755
Net Capital Assets	1,520,887	1,353,589
	Business-Type Activities	
	2020	2019
Construction in Progress	-	60,050
Water Distribution System	1,361,470	1,379,796
Gas Distribution System	32,004	33,634
Equipment and Vehicles	14,326	20,860
Net Capital Assets	1,407,800	1,494,340
Total Net Capital Assets	2,928,687	2,847,929

Significant capital additions for the year ending June 30, 2020, consisted in the governmental funds: \$137,606 in police vehicles and upgrades, \$178,831 for an asphalt zipper, and \$13,600 in heating and cooling unites. The enterprise fund placed in service \$60,050 in improvements the water system. Depreciation expense for governmental funds was \$162,739 and for enterprise funds was \$86,538.

**Long-Term Debt**

At June 30, 2020, the Town had total debt outstanding of \$1,326,896 Of this total, \$84,207 is due within one year and \$1,242,689 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year.

**Town of Slaughter, Louisiana**  
**June 30, 2020**  
**Management's Discussion and Analysis**

	Governmental Activities			Business-type Activities			Total Long-Term Obligations
	Current	Long Term	Total	Current	Long Term	Total	
	Portion	Portion		Portion	Portion		
Capital Leases	7,207	59,199	66,406	-	-	-	66,406
Revenue Bonds	-	-	-	77,000	1,183,490	1,260,490	1,260,490
Ending Balance	7,207	59,199	66,406	77,000	1,183,490	1,260,490	1,326,896

**Other Factors Affecting the Town**

The Town of Slaughter's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to borrow for long-term projects only when absolutely necessary, actively pursuing grant funds to minimize the cost of major projects. The Town is facing increasing costs and has an obligation to its citizens to maintain or increase the level of services being provided.

**Contacting the Town's Financial Management**

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. If you have questions regarding this report or need additional information, contact the Town at 337 church St., Slaughter, LA 70777. The phone number for the Town is (225) 654-4278.

# Basic Financial Statements

## STATEMENT A

**TOWN OF SLAUGHTER, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

<u>ASSETS</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 115,397	\$ 195,641	\$ 311,039
Investments	43,343	-	43,343
Receivables, net	70,157	40,421	110,578
Due from other funds	204,942	66,386	271,328
Restricted assets:			
Cash and cash equivalents	189,828	233,568	423,396
Capital assets, net of depreciation	1,520,887	1,407,800	2,928,687
Total Assets	2,144,555	1,943,816	4,088,371
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	26,948	71,445	98,393
<u>LIABILITIES</u>			
Accounts payable	62,710	16,073	78,783
Accrued liabilities	3,006	-	3,006
Accrued wages	6,198	2,007	8,206
Payroll related payables	8,831	-	8,831
Due to other funds	-	271,328	271,328
Payables from restricted assets:			
Customer deposits	-	69,915	69,915
Lease Payable:			
Due within one year	7,207	-	7,207
Long-term portion	59,199	-	59,199
Bonds payable:			
Due within one year	-	77,000	77,000
Long-term portion	-	1,183,490	1,183,490
Net pension liability	97,949	267,851	365,800
Total Liabilities	245,100	1,887,664	2,132,764
<u>DEFERRED INFLOWS RESOURCES</u>	2,263	5,008	7,271
<u>NET POSITION</u>			
Net investment in capital assets	1,461,688	147,311	1,608,999
Restricted for:			
Debt Service	-	163,653	163,653
Meter Deposits	-	69,915	69,915
Streets and sidewalks	189,828	-	189,828
Unrestricted	272,623	(258,289)	14,334
Total Net Position	\$ 1,924,139	\$ 122,589	\$ 2,046,729

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

**TOWN OF SLAUGHTER, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses)</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
General government	\$ 389,132	\$ -	\$ 2,482	\$ -	\$ (386,650)	\$ -	\$ (386,650)
Public safety: police	286,563	155,071	-	50,000	(81,492)	-	(81,492)
Public safety: fire	135,626	32,448	-	-	(103,178)	-	(103,178)
Streets and sidewalks	88,145	-	-	165,679	77,534	-	77,534
Interest on long-term debt	2,932	-	-	-	(2,932)	-	(2,932)
Total Governmental Activities	902,398	187,519	2,482	215,679	(496,718)	-	(496,718)
<b>Business-type Activities</b>							
Gas services	211,116	369,653	1,629	-	-	160,166	160,166
Water services	390,783	369,139	1,629	-	-	(20,014)	(20,014)
Total Business-type Activities	601,898	738,792	3,258	-	-	140,152	140,152
Total Primary Government	1,504,296	926,311	5,740	215,679	(496,718)	140,152	(356,566)

**General Revenues and Transfers**

Sales taxes	160,132	-	160,132
Property taxes	38,376	-	38,376
Franchise fees	64,980	-	64,980
Occupational licenses	55,639	-	55,639
Cell phone tower rent	13,490	-	13,490
Interest earned	685	350	1,035
Gain on sale of asset	-	-	-
Other revenues	4,004	-	4,004
Transfers in/(out) of town funds	208,000	(208,000)	-
Capital transfers in Parish-wide Fire District	9,862	-	9,862
Total General Revenues and Transfers	555,167	(207,650)	347,517
Change in Net Position	58,448	(67,498)	(9,050)
Net Position, beginning, as restated	1,865,691	190,087	2,055,778
Net Position, ending	\$ 1,924,139	\$ 122,589	\$ 2,046,728

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

**TOWN OF SLAUGHTER, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<u>General</u>	<u>Street and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 115,397	\$ -	\$ 115,397
Investments	43,343	-	43,343
Receivables, net:			
Franchise fees	15,444	-	15,444
Property taxes	187	-	187
Sales taxes	16,324	12,668	28,992
Beer taxes	333	-	333
Due from other governmental agencies	25,201	-	25,201
Due from other funds	295,606	38,277	333,883
Restricted assets:			
Cash and cash equivalents	-	189,828	189,828
<b>TOTAL ASSETS</b>	<u>511,835</u>	<u>240,773</u>	<u>752,608</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	3,640	59,070	62,710
Accrued liabilities	3,006	-	3,006
Accrued Wages	6,198	-	6,198
Payroll liabilities	8,831	-	8,831
Due to other funds	-	128,941	128,941
<b>Total Liabilities</b>	21,675	188,011	209,686
Fund Balances			
Nonspendable	-	-	-
Restricted for:			
Streets and sidewalks	-	52,763	52,763
Assigned for:			
Public safety: police	63,757	-	63,757
Public safety: fire	25,201	-	25,201
Unassigned	401,201	-	401,201
<b>Total Fund Balances</b>	<u>490,160</u>	<u>52,763</u>	<u>542,922</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 511,835</u>	<u>\$ 240,773</u>	<u>\$ 752,608</u>

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

**TOWN OF SLAUGHTER, LOUISIANA**  
**BALANCE SHEET**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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Total Fund Balances - Total Governmental Funds	\$	542,922
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheets. This is the capital assets, nets of accumulated depreciation, reported on the Statement of Net Position.	\$	1,520,887
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Long-term liabilities of governmental activities do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. These are the long-term liabilities of the governmental activities:

Lease Payable		(66,406)
Net pension liability		(97,949)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows of resources related to pensions		26,948
Deferred inflows of resources related to pensions		(2,263)

Total Net Position of Governmental Activities	\$	<u>1,924,139</u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF SLAUGHTER, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2020**

<u>REVENUES</u>	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
Fines and other costs	\$ 155,071	\$ -	\$ 155,071
Franchise fees	64,980	-	64,980
Interest	685	-	685
Intergovernmental revenues	9,862	-	9,862
Occupational licenses	55,639	-	55,639
Cell phone tower rent	13,490	-	13,490
Fire District reimbursement	32,448	-	32,448
Gain on sale of asset	-	-	-
Other revenues	4,004	-	4,004
Taxes - beer	1,186	-	1,186
Taxes - property	38,376	-	38,376
Taxes - sales	89,483	69,464	158,946
Total Revenues	465,222	69,464	534,685
<u>EXPENDITURES</u>			
General government	291,195	-	291,195
Public safety:			
Police	277,408	-	277,408
Fire	103,278	-	103,278
Streets and sidewalks	-	61,808	61,808
Debt Service:			
Lease Principal	6,930	-	6,930
Lease Interest	2,932	-	2,932
Principal	-	-	-
Interest	-	-	-
Capital outlay	151,206	178,831	330,037
Total Expenditures	832,949	240,639	1,073,589
Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)	(367,728)	(171,176)	(538,903)
<u>OTHER FINANCING SOURCES (USES)</u>			
Grants and other contributions	50,000	165,679	215,679
Proceeds form lease transaction	-	-	-
Operating transfers, in	208,000	-	208,000
Operating transfers, out	-	-	-
Net Other Financing Sources (Uses)	258,000	165,679	423,679
Change in Fund Balances	(109,728)	(5,497)	(115,224)
Fund Balances, beginning	599,888	58,260	658,148
Fund Balances, ending	\$ 490,160	\$ 52,764	\$ 542,924

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

**TOWN OF SLAUGHTER, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

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Net Change in Fund Balances - Total Governmental Funds

Amounts reported for governmental activities in the Statement of Activities  
are different because: \$ (115,224)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged differed from capital outlay in the current period.

Capital outlays recoded as expenditures in governmental funds	330,037
Capital transfers in from Parish-Wide Fire District	-
Depreciation not reported in governmental funds	(162,740)

Capital lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of capital lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide statements.

This amount represents leases issued during the period.	-
This amount represents capital lease principal payments during the current period.	6,930

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which pension contributions charged differed from the actuarial cost of benefits. (3,037)

Non employer contributions to cost sharing pension plan	2,482
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	\$ 58,448
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Change in Net Position of Governmental Activities

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

**TOWN OF SLAUGHTER, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 186,671	\$ 8,970	\$ 195,641
Receivables, net	34,041	6,379	40,421
Due from other funds	-	66,386	66,386
Total Current Assets	220,713	81,736	302,448
Restricted Assets			
Cash and cash equivalents	208,888	24,680	233,568
Total Restricted Assets	208,888	24,680	233,568
Capital Assets			
Right of way	-	1,500	1,500
Capital assets, net	1,376,318	29,982	1,406,300
Construction in progress	-	-	-
Net Capital Assets	1,376,318	31,482	1,407,800
Total Assets	1,805,919	137,898	1,943,816
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	\$ 35,723	\$ 35,723	\$ 71,445

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

**TOWN OF SLAUGHTER, LOUISIANA**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Payable from current assets:			
Accounts payable	\$ 11,879	\$ 4,193	\$ 16,073
Accrued wages	1,004	1,004	2,007
Due to other funds	59,472	211,856	271,328
Total Current Liabilities, Payable from Current Assets	72,355	217,053	289,409
Payable from restricted assets:			
Bonds payable	77,000	-	77,000
Customer deposits	45,235	24,680	69,915
Total Current Liabilities, Payable from Restricted Assets	122,235	24,680	146,915
Total Current Liabilities	194,590	241,733	436,324
Long-term Liabilities			
Bonds payable	1,183,490	-	1,183,490
Net pension liability	133,926	133,926	267,851
Total Long Term Liabilities	1,317,415	133,926	1,451,341
Total Liabilities	1,512,005	375,659	1,887,664
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	2,504	2,504	5,008
<b><u>NET POSITION</u></b>			
Net investment in capital assets	115,829	31,482	147,311
Restricted for debt service	163,653	-	163,653
Restricted for customer deposits	45,235	24,680	69,915
Unrestricted	2,415	(260,705)	(258,289)
Total Net Position	\$ 327,132	\$ (204,543)	\$ 122,589

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

STATEMENT H

**TOWN OF SLAUGHTER, LOUISIANA**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEARS ENDED JUNE 30, 2020**

<u>OPERATING REVENUES</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Sales	\$ 358,481	\$ 366,444	\$ 724,926
Penalties	7,095	-	7,095
Installations	3,563	1,550	5,113
Intergovernmental	1,629	1,629	3,258
Miscellaneous	-	1,659	1,659
Total Operating Revenues	370,768	371,282	742,050
<u>OPERATING EXPENSES</u>			
Natural gas purchased	-	58,090	58,090
Bad debts	9,666	-	9,666
Depreciation	84,388	2,150	86,538
Salaries	63,774	65,046	128,820
Payroll taxes	4,805	4,903	9,708
Employee benefits	47,654	47,654	95,309
Insurance	7,977	4,329	12,306
Supplies	54,178	8,103	62,281
Repair and maintenance	15,194	672	15,866
Auto expense	2,445	2,445	4,890
Telephone	420	420	840
Utilities	10,459	821	11,280
Contract labor	2,006	2,949	4,955
DHH Bond Fees	6,667	-	6,667
Other	35,145	13,534	48,679
Total Operating Expenses	344,777	211,117	555,894
Operating Income (Loss)	25,991	160,165	186,156
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	299	51	350
Interest expense	(46,005)	-	(46,005)
Total Non-Operating Revenues (Expenses)	(45,707)	51	(45,655)
<u>INCOME (LOSS) BEFORE TRANSFERS</u>			
	(19,716)	160,217	140,501
Operating transfers, net	(112,000)	(96,000)	(208,000)
Change in Net Position	(131,716)	64,217	(67,499)
Total Net Position, beginning	458,848	(268,760)	190,088
Total Net Position, ending	\$ 327,132	\$ (204,543)	\$ 122,589

The accompanying note are an integral part of the financial statements.

## STATEMENT I

**TOWN OF SLAUGHTER, LOUISIANA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEARS ENDED JUNE 30, 2020**

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 371,160	\$ 371,322	\$ 742,482
Paid for meter deposit fees	1,320	607	1,927
Cash paid to employees for services	(63,774)	(65,046)	(128,820)
Cash paid to suppliers for goods and services	(189,948)	(143,920)	(333,868)
Net Cash Provided by (Used for) Operating Activities	118,758	162,963	281,721
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Interfund transactions	139,702	(93,381)	46,321
Transfers from/(to) other funds	(112,000)	(96,000)	(208,000)
Net Cash Used for Non-Capital Financing Activities	27,702	(189,381)	(161,679)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	-	-
Principal payments for long term debt	(73,000)	-	(73,000)
Interest payments for long term debt	(46,005)	-	(46,005)
Net Cash Provided by Capital and Related Financing Activities	(119,005)	-	(119,005)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of interest	299	51	350
Net Cash Provided Investing Activities	299	51	350
Decrease in Cash and Cash Equivalents	27,754	(26,367)	1,387
Cash and Cash Equivalents, beginning	367,805	60,017	427,822
Cash and Cash Equivalents, ending	395,559	33,650	429,209
<b>CASH PRESENTATION OF STATEMENTS OF NET ASSETS:</b>			
Current Assets: Cash and cash equivalents	186,671	8,970	195,641
Restricted Assets: Cash and cash equivalents	208,888	24,680.00	233,568
Cash and Cash Equivalents, end of year	\$ 395,559	\$ 33,650	\$ 429,209

See Accompanying Notes and Independent Auditor's Report

**TOWN OF SLAUGHTER, LOUISIANA**  
**CHANGES IN FUND NET POSITION**  
**COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2020**

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET			
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating loss	\$ 25,991	\$ 160,165	\$ 186,156
Adjustments to Reconcile Operating Loss to			
Net Cash Provided by (Used for) Operating Activities:			
Depreciation	84,388	2,150	86,538
(Increase) decrease in assets:			
Accounts receivable	2,100	(3,290)	(1,190)
Increase (decrease) in liabilities:			
Accounts payable	(1,823)	276	(1,547)
Accrued wages	406	406	812
State sales tax	(213)	-	(213)
LDHH fees	328	-	328
Transfer between funds	7,513	(4,315)	3,198
Payroll withholdings	-	-	-
Deferred Outflows-Pensions	16,275	16,275	32,550
Customer deposits	(12,218)	(4,716)	(16,934)
Deferred Inflows-Pensions	(1,902)	(1,902)	(3,804)
Net pension liability and related resources	(2,087)	(2,087)	(4,174)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 118,758</u>	<u>\$ 162,963</u>	<u>\$ 281,721</u>

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

**TOWN OF SLAUGHTER, LOUISIANA**  
**CHANGES IN FUND NET POSITION**  
**COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2019**

	<u>Water</u>	<u>Gas</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET			
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating loss	\$ 85,279	\$ 168,186	\$ 253,465
Adjustments to Reconcile Operating Loss to			
Net Cash Provided by (Used for) Operating Activities:			
Depreciation	88,953	2,150	91,103
(Increase) decrease in assets:			
Accounts receivable	(10,470)	8,272	(2,198)
Increase (decrease) in liabilities:			
Accounts payable	(1,386)	(669)	(2,055)
Accrued wages	(1,012)	(1,012)	(2,024)
Transfer between funds	94,406	(94,406)	-
Payroll withholdings	-	-	-
Deferred Outflows-Pensions	(39,095)	(39,095)	(78,190)
Customer deposits	1,675	1,359	3,034
Deferred Inflows-Pensions	102	102	204
Net pension liability and related resources	61,470	61,470	122,940
Net Cash Provided by (Used for) Operating Activities	<u>\$ 279,922</u>	<u>\$ 106,357</u>	<u>\$ 386,279</u>

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

# Notes to the Financial Statements

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

**INTRODUCTION**

The Town of Slaughter, Louisiana (hereafter referred to as the Town) was created under the provisions of the Lawrason Act, La. Revised Statute 33:321-463, in 1960. Therefore, it operates under a Mayor-Board of Aldermen form of government.

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government. The Mayor and five Alderpersons are elected at large every four years by the citizens of the Town. They are compensated for their services.

The Town provides police and fire protection, services to maintain or develop streets, sidewalks, drainage, and sanitation, general and administrative services, and utilities services for area residents. It currently serves approximately 456 utility customers and employs 15 persons (not including the mayor and board members).

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town is considered a primary government, since it is a local special purpose government that has a separately elected governing body. Under provisions of this statement, there are no component units of the Town.

**1. Summary of Significant Accounting Policies**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Town has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the Town to be presented as a change in net position.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively.

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Equity*. As required by the Governmental Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending June 30, 2012. The Town had deferred outflows and deferred inflows of resources related to pension of \$98,393 and \$7,271, respectively, at June 30, 2020.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See *Footnote I – Long-Term Obligations*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are measurable and available. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

The Town reports the following major proprietary funds:

The *Enterprise Fund* reports activity for which a fee is charged to external users for goods or services. The Enterprise Fund of the Town provides gas, water, and sewer utility services.

Additionally, the government reports the following fund types:

*Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. For the current fiscal year, this included one major fund.

The *Debt Service Funds* account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current fiscal year, the Town did not have debt service funds.

The *Capital Project Funds* account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition of capital facilities and other capital assets. For the current fiscal year ended, the Town did not have capital project funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) program-specific operating grants and contributions; and, 3) program-specific capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

When restricted, committed, assigned, or unassigned fund balances are available for use, the Town considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

**C. Deposits and Investments**

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments for the Town are reported at fair market value. The state investment pool, LAMP, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town’s investment policy.

**D. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balances in applicable governmental funds to indicate that they are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u> <u>Millage</u>	<u>Levied</u> <u>Millage</u>	<u>Collected</u> <u>Millage</u>
General Corporate Purposes	4.49 Mills	39,565	39,804

The Town receives 4.92% and 3.8181% of East Feliciana Parish sales tax collections for the General Fund and the Special Revenue Fund respectively. These proceeds (\$89,483 for the General Fund and \$69,464 for the Special Revenue Fund) are dedicated for the purpose of maintenance, repairs, and upkeep of the streets and sidewalks in the Special Revenue Fund and for general operating expenditures in the General Fund.

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**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer’s meter deposits are also classified as restricted assets.

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as servicing general obligation bond debt, construction of capital assets, and police seized assets. Such assets have been restricted by bond indenture, law, or contractual obligations.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<b>Description</b>	<b>Estimated Lives</b>
Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Office Furniture and Equipment	5 - 10 Years
Vehicles	5 - 10 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

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**H. Compensated Absences**

Vacation and sick leave are recorded as expenditures of the period in which they are paid. Employees earn vacation and sick leave at various rates depending upon length of employment. Vacation must be taken in the year earned and may not be carried over. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment.

**I. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**J. Net Position and Fund Equity**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount

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should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

- **Restricted Component of Net Position** - The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal vote of the Board, which is the highest level of decision-making authority for the Town.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned.** These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount 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 during the reported period. Actual results could differ from those estimates.

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**M. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**2. Stewardship, Compliance and Accountability**

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The proposed budget for June 30, 2020 was made available for public inspection and was adopted at the Town's board meeting. The budget was amended.

The general fund and street and sidewalk funds were not in compliance with the Local Government Budget Act which stipulates that revenues cannot be under budget by 5% and expenditures cannot be over budget by 5%. The expenditures in the general fund were over budget by 9.54%. The expenditures in the streets and sidewalks fund were over budget by 18.34%. Revenues in the general fund were over budget by 6.31%. Revenues in the street and sidewalks fund were under budget by 4.29%.

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**3. Cash and Cash Equivalents**

At June 30, 2020, the Town had the following cash and cash equivalents:

Petty cash	\$	400
Demand Deposits		731,913
Louisiana Asset Management Pool (LAMP)		2,121
Total		734,434

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2020, the Town has deposits (collected bank balances) at Investar Bank in the amount of \$738,138. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$488,187 of pledged securities. The \$488,137 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial risk. However, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

**4. Louisiana Asset Management Pool (LAMP)**

In accordance with GASB 72, the investment in the Louisiana Asset Management Pool (LAMP) at June 30, 2020, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprised of the

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State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

LAMP is subject to the regulator oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments, as provided by LAMP, is 47 days as of June 30, 2020.
5. Foreign currency risk: Not applicable to 2a7-like pools.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

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**5. Investments**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

All investments held by the Town fall into category 1 credit risk, defined as "insured or registered, or securities held by the Town or its agent in the Town's name." All investments are stated on the balance sheet (carrying value) at market value. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2020, the Town's investment balances were as follows:

Investment	Bank	Maturity Date	Carrying Amount	Fair Market Amount
Certificate of Deposit	Investar	7/22/2020	10,000	10,000
Certificate of Deposit	Investar	10/6/2020	10,000	10,000
Certificate of Deposit	Investar	11/28/2020	10,000	10,000
Certificate of Deposit	Landmark Bank	3/11/2021	13,343	13,343
	Total		43,343	43,343

*Interest Rate Risk:* The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value arising from increasing interest rates.

**6. Receivables**

Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. Business-type activities report utilities earnings as their major receivable.

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In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, fines, and other similar intergovernmental revenues since they are usually both measurable and available. Utility accounts receivable comprise the majority of proprietary fund receivables. The Town's utility receivables have a portion in which it does not expect to collect, and therefore an allowance has been placed as shown below.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 61,708	\$ 61,708
Due from Other Governments	25,201	-	-	25,201
Taxes:				
Franchise	15,444	-	-	15,444
Beer	333	-	-	333
Property	187	-	-	187
Sales	16,324	12,668	-	28,992
Sub-total	32,288	12,668	-	44,956
Less: Allowance for doubtful accounts	-	-	(21,287)	(21,287)
Net	57,489	12,668	40,421	110,578

**7. Interfund Receivables/Payables**

The following is a detailed list of interfund balances for fund financial statements on June 30, 2020:

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	Receivable	Payable
<b>General Fund</b>		
Streets and Sidewalks	\$ 128,941	\$ -
Gas	130,501	-
Water	36,164	-
 <b>Special Revenue Funds</b>		
Streets and Sidewalks		
General Fund	-	128,941
Gas	14,969	-
Water	11,316	-
 <b>Gas</b>		
Streets and Sidewalks	-	14,969
General Fund	-	130,501
Water	66,387	-
 <b>Water</b>		
Streets and Sidewalks	-	11,316
General Fund	-	36,164
Gas	-	66,387
Total	\$ 388,278	\$ 388,278

**8. Restricted Assets**

The following is a listing of the restricted assets for the fund financial statements on June 30, 2020:

	Special Revenue Fund	Enterprise Fund	Total
Sales Tax Account	\$ 189,828	\$ -	\$ 189,828
Revenue bond sinking fund		21,807	21,807.4
Revenue bond reserve fund		65,770	65,770.4
Depreciation and contingency fund		76,075	76,074.9
Total restricted assets	\$ 189,828	\$ 163,653	\$ 353,481

**9. Capital Assets**

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended June 30, 2020:

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	Beginning Balance	Additions	Deductions	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 174,189	\$ -	\$ -	\$ 174,189
Capital Assets, being depreciated				
Buildings and improvements	505,385	13,600		518,985
Less: accumulated depreciation	189,288	12,775	-	202,063
Net Building and Improvements	316,097	825	-	316,922
Infrastructure	452,848	-		452,848
Less: accumulated depreciation	260,092	22,663		282,755
Net Sidewalks/Drainage	192,756	(22,663)	-	170,093
Equipment and Vehicles	2,031,106	316,437		2,347,543
Less: accumulated depreciation	1,360,557	127,303		1,487,860
Net Equipment	670,549	189,134	-	859,683
Total Capital Assets, being depreciated, net	1,179,402	167,296	-	1,346,698
				-
Capital Assets, net	1,353,591	167,296	-	1,520,887

Depreciation was charged as governmental functions as follows:

General government	69,031
Police	35,024
Fire	32,348
Streets and Sidewalks	26,337
Total	<u>\$ 162,739</u>

Significant capital additions for the year ending June 30, 2020, consisted in the governmental funds: \$137,606 in police vehicles and upgrades, \$178,831 for an asphalt zipper, and \$13,600 in heating and cooling units. Depreciation charged to the governmental funds totaled \$162,739.

Capital assets and depreciation activity as of and for the year ended October 31, 2020 for business-type activities is as follows:

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	Beginning Balance	Additions	Deductions	Ending Balance
<b>Business Activities</b>				-
Capital Assets, not being depreciated				-
Construction in Progress	\$ 60,050	\$ -	\$ (60,050)	-
				-
Capital Assets, being depreciated				-
				-
Vehicles	\$ 92,924	\$ -	\$ -	92,924
Less: accumulated depreciation	72,064	6,534	-	78,598
Net Vehicles	20,860	(6,534)	-	14,326
Gas system	84,507	-	-	84,507
Less: accumulated depreciation	50,875	2,150	-	53,025
Net Gas system	33,632	(2,150)	-	31,482
Water system	2,717,308	60,050	-	2,777,358
Less: accumulated depreciation	1,337,512	77,854	-	1,415,366
Net Water system	1,379,796	(17,804)	-	1,361,992
Total Capital Assets, being depreciated, net	1,434,288	(26,488)	-	1,407,800
				-
Capital Assets, net	1,494,338	(26,488)	(60,050)	1,407,800

Depreciation was charged as governmental functions as follows:

Gas	\$ 2,150
Water	84,388
Total	<u>\$ 86,538</u>

The enterprise fund \$60,050 in improvements for the water system from construction in progress. Depreciation expense charged to the enterprise fund totaled \$86,538.

**10. Accounts, Salaries, and Other Payables**

The payables at June 30, 2020 are as follows:

**Town of Slaughter, Louisiana**  
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	Speical		Water	Gas	Total
	General Fund	Revenue Fund			
Accounts	\$ 3,640	\$ 59,070	\$ 11,880	\$ 4,193	\$ 78,783
Accrued Insurance	3,006	-	-	-	3,006
Accrued Wages	6,198	-	1,004	1,004	8,206
Payroll liabilities	8,831	-	-	-	8,831
Customer deposits	-	-	45,235	24,680	69,915
Total	<u>\$ 21,675</u>	<u>\$ 59,070</u>	<u>\$ 58,119</u>	<u>\$ 29,877</u>	<u>\$ 168,741</u>

**11. Short Term Obligations**

The Town had no short-term debt outstanding at June 30, 2020, other than the current portions of revenue bonds payables and capital leases described in Note 14 *Long-Term Obligations*.

**12. Leases**

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2020, the Town had the following capital leases:

	<u>End of Year</u>	<u>Due Within One Year</u>
The Town entered into a lease purchase agreement to purchase a custom pumper truck for a total lease amount of \$80,000. The lease is payable in 10 yearly payments of \$9,862.29. The truck is being depreciated over its estimated useful life. This portion of the lease is recored within the governmental funds as a capital lease in the General fund.	\$ 66,406	\$ 7,207
	<u>\$ 66,406</u>	<u>\$ 7,207</u>

**13. Long-Term Obligations**

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

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	Governmental Activities		Business-type Activities		Total Long-Term Obligations
	Capital	Revenue	Capital	Revenue	
	Leases	Bonds	Leases	Bonds	
Beginning Balance	73,336	-	-	1,333,490	1,406,826
Additions	-	-	-	-	-
Retirements	(6,930)	-	-	(73,000)	(79,930)
Ending Balance	66,406	-	-	1,260,490	1,326,896

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Governmental Activities			Business-type Activities			Total Long-Term Obligations
	Current	Long Term	Total	Current	Long Term	Total	
	Portion	Portion		Portion	Portion		
Capital Leases	7,207	59,199	66,406	-	-	-	66,406
Revenue Bonds	-	-	-	77,000	1,183,490	1,260,490	1,260,490
Net Pension Liability	-	97,949	97,949	-	267,851	267,851	365,800
Ending Balance	7,207	157,148	164,355	77,000	1,451,341	1,528,341	1,692,696

Bonds Payable as of June 30, 2020, are as follows:

Business Type	End of Year	Due Within One Year
\$1,355,000 Water Revenue Refunding Bonds payable, due in annual installments of \$25,000 through \$81,000 through June 1, 2036; interest rate of 3.45%; payable from water system revenues	\$ 941,490	\$ 42,000
\$640,523 Water Revenue Bonds payable; due in annual installments of \$16,000 through \$45,000 through June 1, 2028; interest rate of 3.45%; payable from water system revenues	319,000	35,000
	<u>\$ 1,260,490</u>	<u>\$ 77,000</u>

The annual requirements to amortize all debt outstanding at June 30, 2020, including interest payments are as follows:

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Water Revenue Bonds			
Year	Principal	Interest	Total
2021	77,000	43,487	120,487
2022	80,000	40,830	120,830
2023	83,000	38,070	121,070
2024	87,000	35,208	122,208
2025	91,000	32,206	123,206
2026 to 2030	419,000	112,762	531,762
2031 to 2035	356,000	49,592	405,592
2036 to 2037	67,490	2,328	69,818
<b>Total</b>	<b>1,260,490</b>	<b>354,483</b>	<b>1,614,973</b>

Capital Lease			
Year	Principal	Interest	Total
2021	7,207	2,655	9,862
2022	7,495	2,367	9,862
2023	7,795	2,067	9,862
2024	8,107	1,755	9,862
2025	8,431	1,431	9,862
2026 to 2027	27,371	2,217	29,588
<b>Total</b>	<b>66,406</b>	<b>12,492</b>	<b>78,898</b>

**14. Flow of Funds: Restrictions on Use-Water Revenue Bonds**

Under the terms of the General Bond Ordinances dated November 28, 2007, relative to the \$1,355,000 Water Revenue Refunding Bonds and June 30, 2008, relative to the \$640,523 Water Revenue Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the water utility system shall be deposited into a Water Revenue Fund, which are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds: Each month, no later than the 20th of the month, the Town is required to transfer 1/12 of that year’s debt service from the Water Revenue Fund into the Water Revenue Bond and Interest Sinking Fund. Twice a year, on June 1 and December 1, a withdrawal will be made from the Sinking Fund, principal and/or interest coming due on said dates to the Department of Health and Hospitals (DHH). The Town did make the sinking fund deposits monthly as required by the bond documents.

There shall also be set aside into a “Water Revenue Bond Reserve Fund” an amount equal to one-half (1/2) of the highest annual debt service in any subsequent year. The Reserve Fund should be funded by the Town through monthly installments. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Water Revenue Bond and Interest Sinking Fund and as to which there would otherwise be default. The account was fully funded at the end of June 30, 2020.

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Funds will also be set aside into a ‘Water Revenue Bond Depreciation and Contingency Fund’ in order to provide an available reserve for extensions, additions, improvements, renewals and replacements necessary to properly operate the Water System. Money in this fund may be used for emergency situations to get the system repaired and generating revenues as soon as possible after a casualty and for any types of ongoing capital improvements to the water system. The Contingency Fund should be funded by the Town through monthly installments equal to 5% of the previous month’s net water revenues, until it contains \$75,000. The account was fully funded at the end of June 30, 2020.

The General Bond Ordinance also contains a rate covenant by which the Town has agreed to maintain its water rates at a level that will always provide net revenues of the system equal to at least 120% of annual debt service on the bonds. The Town did not meet the required net revenue requirement. The Town had a net revenue ratio of 92.55%.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

## **15. Retirement Systems**

Employees of the Town are members of the Municipal Employees Retirement System of Louisiana. The Town was a participant of the Municipal Police Employees Retirement System of Louisiana. However, the Town no longer contributes to the police retirement system. These systems are a cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* –an amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans’ net pension liability and report the following disclosures:

### **A. Municipal Employee Retirement System of Louisiana (System)**

*Plan Description.* The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

#### Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death-40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan A Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least 12 months before death-40% at age 60 or minimum of 20% immediately (actuarially calculated)

The monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

1. Surviving spouse who is married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on

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the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service; is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases:

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.

Deferred Benefits:

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement; benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

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The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810 or at [www.mersla.com](http://www.mersla.com).

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Town of Slaughter is required to contribute at an actuarially determined rate. The current rate is 27.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending June 30, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$5,740 for its participation in MERS-Plan A.

The Town's contributions to the System under Plan A for the years ending June 30, 2020 and 2019 were \$42,046, and \$41,132, respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At June 30, 2020, the Town reported a liability of \$365,799 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2020, the Town's proportion was 0.084609%, which was a decrease of 0.001171% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense for the MERS System of \$109,228 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual results	\$ 170	\$ (2,073)
Changes of assumptions	6,154	-
Changes in proportion	55,566	(2,935)
Difference in actual and projected earnings	36,503	-
Employer contributions after measurement date	-	-
Total	\$ 98,393	\$ (5,008)

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The Town reported a total of \$0 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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>	
2021	\$ 59,808
2022	9,838
2023	8,294
2024	5,351
	<u>\$ 83,291</u>

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

<b>Valuation Date</b>	June 30, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.95%, net of pension plan investment expense, including Inflation.
Inflation Rate	2.5%
Salary increases, including Inflation and merit increases:	
-1 to 4 years of service	6.4%-Plan A and 7.4% Plan B
-More than 4 years of Service	4.5%-Plan A and 4.9% Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set to equal to 120%  For males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Healthy Retiree Table set to equal to 120%  For males and females, each adjusted using their respective male and female MP2018 scales.

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Disabled lives mortality

PubG-2010(B) Healthy Retiree Table set to equal to 120%

For males and females, with the full generational MP2018 scales.

The 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 and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Rate		7.00%

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are proved with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earning on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2020 is 3 years for Plan A and B.

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*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the participating employers calculated using the discount rate of 7.0%, as well as what the employers' net pension liability 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 as of June 30, 2018:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.950%	6.950%	7.950%
Town of Slaughter Share of NPL	\$ 475,865	\$ 365,799	\$ 272,733

***Payable to the Pension Plan.*** At June 30, 2020, the Town reported a payable of \$4,849 for outstanding contributions to the pension plan required for the year ended June 30, 2020.

**B. Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the

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Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate

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being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411 or at [www.lampers.org](http://www.lampers.org).

*Funding Policy.* According to state statute, the Town is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due for employers and employees were 42.50%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 34.25% and 7.50%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. The Town had no non-employer contributions for the year.

The Town contributed no funds to the System for the years ending October 31, 2020 and 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At June 30, 2020, the Town reported no liability for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2020, the Town's proportion was 0.000000%, which was a decrease of 0.000000% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense for the MPERS System of (\$25,869) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

	Deferred Outflows	Deferred Inflows
Difference between expected and actual results	\$ -	\$ -
Changes of assumptions	-	-
Changes in proportion	-	(2,263)
Difference in actual and projected earnings	-	-
Employer contributions after measurement date	-	-
Total	\$ -	\$ (2,263)

The Town reported a total of \$0 deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020.

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>	
2021	\$ (2,263)
2022	-
2023	-
2024	-
	\$ (2,263)

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020, is as follows:

**Valuation Date** June 30, 2020  
**Actuarial Cost Method** Entry Age Normal

**Actuarial Assumptions:**

Investment Rate of Return 6.95%, net of investment expense  
Expected Remaining Service Lives 4 years  
Inflation Rate 2.50%

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2	12.30%
	Above 2	4.70%

Mortality For annuitants 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 sale was used.

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

For disable lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

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 full generational projecting using the MP2019 scale was used.

Cost of Living Adjustments

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 mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Nominal Rate		7.19%

The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers’ net pension liability 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 as of June 30, 2020:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.950%	6.950%	7.950%
Town of Slaughter Share of NPL	\$ -	\$ -	\$ -

**16. Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, consisted of the following:

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>General Fund</b>		
Streets and Sidewalks	\$ -	\$ -
Water	-	112,000
Gas	-	96,000
 <b>Special Revenue Funds</b>		
Streets and Sidewalks		
General Fund	-	-
Water	-	-
Gas	-	-
 <b>Enterprise Fund</b>		
Streets and Sidewalks	-	-
General Fund	208,000	-
Water	-	-
Gas	-	-
Total	\$ 208,000	\$ 208,000

**17. Purchase of Pumper Truck**

On August 18, 2017, the Town of Slaughter entered into a lease purchase agreement for the acquisition of a 2017 custom pumper truck. The total purchase price was \$481,984. The acquisition was handled in three transactions:

- 1) The Slaughter Volunteer Fire Department, Inc., a 501(c)4 organization, received a Pennington Foundation grant for \$350,000. These funds were used to acquire the truck.
- 2) The Slaughter station under the Parish-Wide East Feliciana Fire District umbrella paid \$52,923.90 towards the truck.
- 3) The remainder of \$80,000 owed was financed through a lease purchase agreement with the Town of Slaughter named as the lessee. The lease terms are yearly payments of \$9,862.29 commencing on August 18, 2018 and ending on August 18, 2027.

The lease will be paid with the Slaughter station Parish-Wide East Feliciana Fire District account each year as the payments are due. A copy of the title was obtained. The purchaser is labeled as the Town of Slaughter and the lienholder is Patterson State Bank. The Town has recorded the asset and related capital payable on the financial statements. As the payments are made with District funds, the Town will reduce the liability and record the payment as revenue. During the fiscal year of June 30, 2020, principal payments of \$6,930 and interest payments of \$2,932 were paid. The Town recognized \$9,862 in capital transfers from the Parish-wide Fire District.

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

**17. Fund Balances and Net Position**

The General Fund has assigned fund balance for police protection in the amount of \$63,757 and for fire protection in the amount of \$25,201. The Restricted fund balance is \$52,763. This is restricted due to legislation for sales taxes for streets and sidewalks. The unassigned fund balance in the governmental funds is \$401,201. The Enterprise Fund had restricted net position for customer deposits in the amount of \$69,915 and for debt service accounts as required by bond covenants in the amount of \$163,653. The Enterprise Fund has net position that is investment in capital assets net of related debt in the amount of \$147,311. The Enterprise Fund has unrestricted net position of (\$258,289).

**18. Prior Period Adjustments**

The following discloses the restatement of enterprise fund net position at the beginning of the fiscal year:

Business-type Activities		
Beginning Net Position Before Prior Period Adjustments	171,256	
Adjustment for meter deposits	<u>18,831</u>	
Beginning Net Postion-Revised	<u><u>190,087</u></u>	
Business-type Activities	WATER	GAS
Beginning Net Position Before Prior Period Adjustments	(316,527)	487,783
Adjustment for due to/from	761,837	(761,866)
Adjustment for meter deposits	<u>13,538</u>	<u>5,323</u>
Beginning Net Postion-Revised	<u><u>458,848</u></u>	<u><u>(268,760)</u></u>

**19. On-Behalf Payments**

For the fiscal year ended October 31, 2019, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$17,966 of on behalf payments as revenue and as an expenditure in the General Fund.

**Town of Slaughter, Louisiana**  
**Notes to the Financial Statement**  
**As and for the Year End June 30, 2020**

**20. Risk Management**

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**21. Contingent Liabilities**

At June 30, 2020, the Town was not involved in any outstanding litigation or claims.

**22. COVID 19 PANDEMIC**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the District and its financial results.

**23. Subsequent Events**

Management has evaluated subsequent events through March 24, 2021, the date on which the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2020.

**Town of Slaughter, Louisiana  
Notes to the Financial Statement  
As and for the Year End June 30, 2020**

# Required Supplemental Information (Part II)

**TOWN OF SLAUGHTER, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2020**

<u>REVENUES</u>	General Fund			
	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Fines and other court costs	\$ 250,900	\$ 142,900	\$ 155,068	\$ 12,168
Franchise fees	64,000	70,000	64,980	(5,020)
Interest earned	200	200	685	485
Intergovernmental	-	-	9,862	9,862
Licenses and permits	52,500	52,500	55,639	3,139
Other	7,000	5,000	4,004	(996)
Cell phone tower rental	13,050	13,050	13,490	440
Fire District reimbursement	32,500	32,448	32,448	-
Taxes-beer	1,500	1,500	1,186	(314)
Taxes-property	39,200	39,700	38,376	(1,324)
Taxes-sales	88,000	88,000	89,483	1,483
Total Revenues	<u>548,850</u>	<u>445,298</u>	<u>465,221</u>	<u>19,923</u>
 <u>EXPENDITURES</u>				
General government	304,610	317,092	291,195	25,897
Public safety:				-
Police	285,620	278,630	277,408	1,222
Fire	111,760	112,449	103,278	9,171
Public works	-	-	-	-
Debt service	-	-	-	-
Lease Payments	-	-	9,862	(9,862)
Capital outlay	5,000	52,232	151,206	(98,974)
Total Expenditures	<u>\$ 706,990</u>	<u>\$ 760,403</u>	<u>\$ 832,949</u>	<u>\$ (72,546)</u>
Deficiency of Revenues over Expenditures Before				
Other Financing Sources (Uses)	\$ (158,140)	\$ (315,105)	\$ (367,728)	\$ (52,623)
 <u>OTHER FINANCING SOURCES (USES)</u>				
Grants and other contributions	-	50,000	50,000	-
Proceeds from lease	-	-	-	-
Operating transfers, net	185,000	185,000	208,000	23,000
Net Other Financing Sources (Uses)	<u>185,000</u>	<u>235,000</u>	<u>258,000</u>	<u>23,000</u>
Change in Fund Balances	26,860	(80,105)	(109,728)	(29,623)
Fund Balances, beginning	<u>599,888</u>	<u>599,888</u>	<u>599,888</u>	<u>-</u>
Fund Balances, ending	<u>626,748</u>	<u>519,783</u>	<u>490,160</u>	<u>(29,623)</u>

See Independent Auditor's Report

**TOWN OF SLAUGHTER, LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED JUNE 30, 2020**

		Special Revenue Fund Streets and Sidewalks			
REVENUES	Budgeted Amounts		Actual Amounts	Variance	
	Original	Final	GAAP Basis	Favorable (Unfavorable)	
Fines and other court costs	\$ -	\$ -	\$ -	\$ -	
Franchise fees	-	-	-	-	
Interest earned	-	-	-	-	
Intergovernmental	-	-	-	-	
Licenses and permits	-	-	-	-	
Other	-	-	-	-	
Cell phone tower rental	-	-	-	-	
Fire District reimbursement	-	-	-	-	
Taxes-beer	-	-	-	-	
Taxes-property	-	-	-	-	
Taxes-sales	61,000	80,000	69,464	(10,536)	
Total Revenues	61,000	80,000	69,464	(10,536)	
EXPENDITURES					
General government	-	-	-	-	
Public safety:					
Police	-	-	-	-	
Fire	-	-	-	-	
Public works	133,450	83,350	61,808	21,542	
Debt service	-	-	-	-	
Lease Payments	-	-	-	-	
Capital outlay	-	120,000	178,831	(58,831)	
Total Expenditures	\$ 133,450	\$ 203,350	\$ 240,639	\$ (37,289)	
Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)	\$ (72,450)	\$ (123,350)	\$ (171,175)	\$ (47,825)	
OTHER FINANCING SOURCES (USES)					
Grants and other contributions	30,000	165,679	165,679	-	
Proceeds from lease	-	-	-	-	
Operating transfers, net	-	-	-	-	
Net Other Financing Sources (Uses)	30,000	165,679	165,679	-	
Change in Fund Balances	(42,450)	42,329	(5,496)	(47,825)	
Fund Balances, beginning	58,260	58,260	58,260	-	
Fund Balances, ending	15,810	100,589	52,764	(47,825)	

See Independent Auditor's Report

SCHEDULE 3.1

**TOWN OF SLAUGHTER, LOUISIANA**  
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - MERS A**  
**YEARS ENDED JUNE 30, 2020**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.040621%	0.039968%	0.038540%	0.085780%	0.084609%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 166,945	\$ 167,203	\$ 159,582	\$ 358,446	\$ 365,799
Employer's Covered-Employee Payroll	\$ 109,453	\$ 119,784	\$ 70,364	\$ 158,201	\$ 161,714
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	152.53%	139.59%	226.79%	226.58%	226.20%
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	62.11%	62.49%	65.60%	66.14%	64.52%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

SCHEDULE 3.2

**TOWN OF SLAUGHTER, LOUISIANA**  
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - MPERS**  
**YEARS ENDED JUNE 30, 2020**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.013555%	0.001170%	0.000000%	0.000000%	0.000000%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$127,049	\$10,215	\$ -	\$ -	\$ -
Employer's Covered-Employee Payroll	\$1,971	\$ -	\$ -	\$ -	\$ -
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	6445.46%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	66.04%	70.08%	71.89%	71.01%	70.94%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See Independent Auditor's Report.

SCHEDULE 4.1

**TOWN OF SLAUGHTER, LOUISIANA**  
**Schedule of the Town's Contributions - MERS PLAN A**  
**Last 10 Fiscal Years**

Municipal Police Employees' Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 21,617	\$ 27,191	\$ 17,415	\$ 41,132	42,046
Contributions in relation to contractually required contributions	<u>21,617</u>	<u>27,191</u>	<u>17,415</u>	<u>41,132</u>	<u>42,046</u>
Contribution deficiency (excess)	-	-	-	-	-
Employer's Covered Employee Payroll	109,453	119,784	70,364	158,201	161,714
Contributions as a % of Covered Employee Payroll	7.1900%	22.7000%	24.7500%	26.00%	26.00%

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

SCHEDULE 4.2

**TOWN OF SLAUGHTER, LOUISIANA**  
**Schedule of the Town's Contributions - MPERS**  
**Last 10 Fiscal Years**

Municipal Employees' Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
Contractually required contribution	\$ 779	\$ -	\$ -	\$ -	-
Contributions in relation to contractually required contributions	<u>779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	-	-	-	-	-
Employer's Covered Employee Payroll	1,971	-	-	-	-
Contributions as a % of Covered Employee Payroll	39.5000%	0.000%	0.00%	0.00%	0.00%

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

See Independent Auditor's Report.

# Other Supplemental Information

**TOWN OF SLAUGHTER, LOUISIANA**  
**BUDGETARY COMPARISON SCHEUDLE**  
**CHANGES IN FUND NET POSITION**  
**WATER UTILITY SYSTEM**  
**YEARS ENDED JUNE 30, 2020**

<u>OPERATING REVENUES</u>	<u>Actual Amounts</u>		
	<u>Budget</u>	<u>GAAP Basis</u>	<u>Variance</u>
Sales	\$ 350,950	\$ 358,481	\$ (7,531)
Penalties	10,000	7,095	2,905
Installations	2,000	3,563	(1,563)
Intergovernmental	-	1,629	(1,629)
Grant funds	-	-	-
<b>Total Operating Revenues</b>	<b>362,950</b>	<b>370,768</b>	<b>(7,818)</b>
<u>OPERATING EXPENSES</u>			
Bad debts	500	9,666	(9,166)
Depreciation	-	84,388	(84,388)
Salaries	60,800	63,774	(2,974)
Payroll taxes	4,650	4,805	(155)
Employee benefits	31,222	47,654	(16,432)
Grant expenditures	7,400	-	7,400
Insurance	5,000	7,977	(2,977)
Supplies	63,000	54,178	8,822
Repairs and maintenance	2,500	15,194	(12,694)
Auto expense	5,500	2,445	3,055
Telephone	1,000	420	580
Utilities	12,000	10,459	1,541
Contract labor	2,500	2,006	494
DHH Bond Fees	7,362	6,667	695
Other	110,450	35,145	75,305
<b>Total Operating Expenses</b>	<b>313,884</b>	<b>344,777</b>	<b>(30,893)</b>
<b>Operating Income (Loss)</b>	<b>49,066</b>	<b>25,991</b>	<b>23,075</b>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	250	299	(49)
Interest expense	(50,250)	(46,005)	(4,245)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(50,000)</b>	<b>(45,707)</b>	<b>(4,293)</b>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	(934)	(19,716)	18,782
Operating transfers, net	-	(112,000)	112,000
<b>Change in Net Position</b>	<b>(934)</b>	<b>(131,716)</b>	<b>130,782</b>
<b>Total Net Position, beginning</b>	<b>458,848</b>	<b>458,848</b>	<b>-</b>
<b>Total Net Position, ending</b>	<b>\$ 457,914</b>	<b>\$ 327,132</b>	<b>\$ 130,782</b>

See independent auditor's report.

**TOWN OF SLAUGHTER, LOUISIANA**  
**BUDGETARY COMPARISON SCHEUDLE**  
**CHANGES IN FUND NET POSITION**  
**GAS UTILITY SYSTEM**  
**YEARS ENDED JUNE 30, 2020**

<u>OPERATING REVENUES</u>	<u>Budget</u>	<u>Actual Amounts</u>	
		<u>GAAP Basis</u>	<u>Variance</u>
Sales	\$ 365,000	\$ 366,444	\$ (1,444)
Penalties	-	-	-
Installations	2,000	1,550	450
Intergovernmental	-	1,629	(1,629)
Miscellaneous	-	1,659	(1,659)
<b>Total Operating Revenues</b>	<b>367,000</b>	<b>371,282</b>	<b>(4,282)</b>
<u>OPERATING EXPENSES</u>			
Bad debts	-	-	-
Natural Gas	69,000	58,090	10,910
Depreciation	-	2,150	(2,150)
Salaries	60,800	65,046	(4,246)
Payroll taxes	4,600	4,903	(303)
Employee benefits	31,402	47,654	(16,252)
Insurance	5,000	4,329	671
Supplies	6,000	8,103	(2,103)
Repairs and maintenance	1,500	672	828
Auto expense	4,500	2,445	2,055
Telephone	750	420	330
Utilities	2,000	821	1,179
Contract labor	3,500	2,949	551
Other	21,715	13,534	8,181
<b>Total Operating Expenses</b>	<b>210,767</b>	<b>211,117</b>	<b>(350)</b>
<b>Operating Income (Loss)</b>	<b>156,233</b>	<b>160,165</b>	<b>(3,932)</b>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	30	51	(21)
Interest expense	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>30</b>	<b>51</b>	<b>(21)</b>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	<u>156,263</u>	<u>160,217</u>	<u>(3,954)</u>
Operating transfers, net	(103,000)	(96,000)	(7,000)
<b>Change in Net Position</b>	<b>53,263</b>	<b>64,217</b>	<b>(10,954)</b>
<b>Total Net Position, beginning</b>	<b>(268,760)</b>	<b>(268,760)</b>	<b>-</b>
<b>Total Net Position, ending</b>	<b>\$ (215,497)</b>	<b>\$ (204,543)</b>	<b>\$ (10,954)</b>

See independent auditor's report.

**TOWN OF SLAUGHTER, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS**  
**YEAR ENDED JUNE 30, 2020**

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This schedule of compensation paid to governing members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

**Mayor**

Robert Jackson	\$	7,800
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**Board Members**

Flavia Aaron	\$	2,040
Shelia Fletcher		2,040
Roy Elliot Corcoran Jr		2,040
Keith Day		2,040
Janis Landry		2,040

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Total Paid	\$	10,200
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See Independent Auditor's Report

**TOWN OF SLAUGHTER, LOUISIANA  
 SCHEDULE OF COMPENSATION , BENEFITS AND  
 OTHER PAYMENTS TO AGENCY HEAD  
 YEAR ENDED JUNE 30, 2020**

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**Agency Head**

Robert Jackson  
 Mayor

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 7,800
FICA	597
Reimbursements	<u>672</u>
Total Compensation, Benefits and Other Payments	<u><u>\$ 9,069</u></u>

See Independent Auditor's Report

# Minda B. Raybourn

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AICPA

LCPA

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

The Honorable Robert Jackson, Mayor  
And Members of the Board of Aldermen  
PO Box 293  
Slaughter, LA

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Slaughter, State of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Slaughter's basic financial statements and have issued our report thereon dated March 24, 2021.

## **Internal Control over Financial Reporting**

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, I did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that I consider to be a significant deficiency.

### **Compliance and Other Matters**

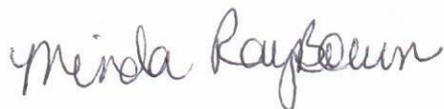
As part of obtaining reasonable assurance about whether the Town of Slaughter's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-002, 2020-003, and 2020-004.

### **Town of Slaughter's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.



Minda Raybourn CPA

Franklinton, LA

March 24, 2021

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**Summary of Auditor's Report**

**Financial Statements**

A. Type of auditor's report issued		Unmodified
B. Internal Control over Financial Reporting		
Internal Control	Significant Deficiencies?	Yes
	Material Weaknesses?	No
Noncompliance	Material to Financial Statements?	Yes

**Federal and Questioned Costs Related to Major Federal Award Programs**

Not applicable.

**Other Matters**

A management letter was not issued.

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**INTERNAL CONTROL FINDINGS**

**Finding 2020-001 Customer Meter Deposits**

CONDITION: Meter deposits that are in the town's utility billing system are not being reconciled liabilities reflected on the town's accounting records.

CRITERIA: Customer meter deposits are recorded on the accounting system as a liability. The utility billing system as part of the town's internal controls has a report that details the customer deposits for each account for water and gas customers. Both the report per the utility billing system and the general ledger should be reconciled for these deposits.

CAUSE OF CONDITION: Lack of internal controls over customer deposits.

POTENTIAL EFFECT OF CONDITION: If the town's utility customer deposits are not reconciled, there will be discrepancies between the accounting and utility billing system.

RECOMMENDATION: The town should reconcile the utility billing system and accounting system for customer deposits to ensure customer deposits paid and refunded and customer deposit liabilities are balanced.

CLIENT RESPONSE: We agree with the auditor's recommendation.

**COMPLIANCE FINDINGS**

**FINDING 2020-002 Public Bid Law**

CONDITION: The town purchased three police vehicles. Two were purchased on state contract. One vehicle was purchased for \$34,010.00. The vehicle was not purchased on state contract nor publicly bid.

CRITERIA: The provisions of the public bid law, R.S. Title 38:2211-2296, state that

- A) All public works purchases exceeding \$250,000 must be publicly bid.
- B) All material and supply purchases exceeding \$30,000 must be publicly bid.

There are exceptions for certain purchases of materials and supplies. These exceptions include:

- purchases off the State Contract under cooperative purchasing agreements; R.S. 38:2212.1(F)
- purchases of surplus materials and supplies from another public entity or the government of the United States or if the particular transaction is governed by the procurement code; R.S. 38:2212.1(D)
- purchases off of the Federal General Services Administration Lists, provided that the items are not otherwise available cheaper on State Contract and the public entity utilizes a Louisiana licensed dealer or distributor; R.S. 38:2212.1(E)
- purchases by hospitals service districts under qualified group purchasing organizations; R.S.38:2212.1(G)

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

- purchases of used fire and emergency response vehicles, including associated equipment, with a per unit purchase cost of less than one hundred thousand dollars; R.S. 38:2238, et seq.
- lease, rental, or purchases of telecommunications data processing systems, including equipment, and related services, by political subdivisions through a request for proposals; R.S. 38:2237
- purchases of materials, equipment and supplies by school districts and schools through a qualified group purchasing organization; R.S. 38:2212.1(N)
- purchase of materials, supplies, vehicles or equipment by the State, any levee district, levee drainage district, municipality, parish or other political subdivision of the state through an existing public contract of another political subdivision within one year of the opening of bids; R.S. 38:321.1; and
- purchases of animals trained to perform special task, including but not limited to narcotics detection, bomb detection, arson investigation, and rescue techniques by: Any local law enforcement agency for the principal purpose of aiding in the detection of criminal activity, enforcement of laws, or apprehension of offenders, and Any local public safety agency for the purpose of search and rescue services

CAUSE OF CONDITION: Lack of understanding of the state public bid law and lack of controls over purchases subject to the state public bid law.

POTENTIAL EFFECT OF CONDITION: Noncompliance with state public bid law.

RECOMMENDATION: Management needs to review the policies and procedures in place regarding contracts and purchasing. Management needs to incorporate into its financial policies and procedures controls over purchases subject to public bid law.

CLIENT RESPONSE: We agree with the auditor's recommendations.

**FINDING 2020-003 Compliance with Bond Agreement Terms**

CONDITION: The Town had a net revenue ratio of 92.55% on the debt for the water system.

CRITERIA: The General Bond ordinance contains a rate covenant by which the Town has agreed to maintain its water rates at a level that will provide net revenues of the system equal to at least 120% of annual debt service on the bonds.

CAUSE OF CONDITION: The Town's water fund had a loss for the fiscal year of (\$131,716).

POTENTIAL EFFECT OF CONDITION: Noncompliance with the Town's bond agreement.

RECOMMENDATION: The Town should consider a rate study for all utilities to ensure that the Town's revenue will cover the utility expense and to ensure the bond covenants are complied with.

CLIENT RESPONSE: We agree with the auditor's recommendation.

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**Finding 2020-004 Compliance with Local Government Budget Act**

CONDITION: The general fund expenditures and other financing uses were over budget by 9.54% or \$72,546. The street and side walk fund (special revenue fund) expenditures and other financing uses were over budget by 18.34% or \$37,289.

The Town also did not provide the budget message that must accompany the proposed budget.

CRITERIA : Per R.S. 39:1311 (Local Government Budget Act), the governing authority must adopt a budget amendment if there is a 5% or greater shortage in revenue or a 5% or greater overage in expenditures if there is a 5% or greater variance in the actual fund balance at the beginning of the year. This applies to the entity's general fund and special revenue funds.

The Act also requires a budget message that is signed and that contains the following:

-a summary of description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and,

-a discussion of the most important features.

CAUSE OF CONDITION: While the Town did amend its general fund and special revenue fund budgets, expenditures and other uses were over the legal threshold of 5%. In addition, it appears a budget message was not prepared.

POTENTIAL EFFECT OF CONDITION: Noncompliance with the Local Government Budget Act.

RECOMMENDATION: The Town needs to ensure its amended expenditures and revenues are within the 5% requirement before the year ends. In addition, it must incorporate a budget message with the prepare proposed budget.

CLIENT RESPONSE: We agree with the auditor's recommendation.

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

**INTERNAL CONTROL FINDINGS**

**Finding 2019-001 Controls over Disbursements (Material Weakness) (Repeat Finding)**

CONDITION: On November 5, 2018, the Town paid \$36,800 to replace the roof of town hall. The disbursement did not have approval noted on the invoice. There were no bids or quotes obtained or a contract on file. No request for proposal were done. The expenditure was not noted in the Town minutes as being approved.

CRITERIA (Required for financial audits performed under Government Auditing Standards): Adequately designed and operating internal controls over financial reporting provides for adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements. Adequately designed controls dictate that management will administer request for proposals and obtain bids or quotes as mandated by state public bid law (R.S. 38:2211, et seq.),

CAUSE OF CONDITION: The Town went through two municipal clerks within one year. The Town was not knowledge about the public bid law.

POTENTIAL EFFECT OF CONDITION: Without adequate approval to support disbursements, there is no proof that the expenditure was properly initiated, approved for payment, and reviewed for adequacy. Failure to follow procedures such as the request of proposal process and obtaining bids or quotes on a project shows a lack of control over the Town's financial resources.

RECOMMENDATION: Management needs to obtain an understanding of the public bid law and the procedures to follow when projects and asset acquisitions are under or over the bid threshold. Management needs to implement policies and procedures over purchasing and disbursements such as obtaining proper approvals, obtaining quotes or bids, and implementing purchase order policies. The town has policies and procedures for disbursements. However, the Town needs to ensure all expenditures have adequate supporting documentation and approval.

CLIENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

**Finding 2019-002 Utility Receivables and Revenues (Material Finding) (Repeat Finding)**

CONDITION: The general ledger is not balanced with the utility billing system reports until the end of the years. Payments are coded as revenues instead of being coded to accounts receivable.

CRITERIA: The general ledger must be balanced each month with the utility billing system. Charges, payments, adjustments, write offs, and deposits must be recorded each month and reconciled using utility billing reports. The balance per the general ledger should match the utility billing system accounts receivable. Reconciling differences should be researched and documented.

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

CAUSE OF CONDITION: The general ledger and utility billing system are not being reconciled monthly.

POTENTIAL EFFECT OF CONDITION: The financial statements will be misstated. Large audit adjustments will have to be recorded at the end of the year.

RECOMMENDATION: The Town needs to use the billing system reports to balance the amounts in the general ledger. Management should run the accounts receivable summary which reports billings, payments, adjustments, write offs, deposits applied, and other revenues to record transactions.

CLIENT RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

**Finding 2019-003 Late Payment of Federal Payroll Taxes (Significant Deficiency)**

CONDITION: The federal payroll tax payments were late for the months of October, November, and December 2018.

CRITERIA (Required for financial audits performed under Government Auditing Standards): Publication 15 (Employer's Tax Guide) issued by the Internal Revenue Service, the Town is a semi-monthly depositor.

CAUSE OF CONDITION: The Town was not familiar with the due dates of the federal payroll tax payments.

POTENTIAL EFFECT OF CONDITION: The Town was not in compliance with the payroll tax due dates as mandated by federal law.

RECOMMENDATION: The Town needs to implement procedures to ensure all payroll tax forms and required payments are filed by the legal due dates. I recommend all tax payments be paid one day after the payroll ending date.

RESPONSE: Management agrees with the auditor's recommendation.

STATUS: Resolved.

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

**COMPLIANCE FINDINGS**

**Finding 2019-004 Late Payment to Municipal Employees' Retirement System (repeat finding)**

CONDITION: Payments to the Municipal Employees' Retirement System were late for months of September 2018 through April 2020 and June 2020.

CRITERIA: Per R.S. 11:1733, monthly contributions to the Municipal Employees' Retirement System of Louisiana (MERS) are due by the 10th of the following month. If a municipality participates in MERS, all fulltime employees must participate.

CAUSE OF CONDITION: The Town went through two municipal clerks during the fiscal year. During the hiring of the new clerk, she was not familiar with the requirements of submitting reports and payments.

POTENTIAL EFFECT OF CONDITION: The Town could be responsible for the payment of interest and penalties to MERS due to the late submittals.

RECOMMENDATION: The Town needs to implement procedures to ensure the timely submission of the MERS contribution reports and payments.

RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

**Finding 2019-005 Noncompliance with Sinking Fund Requirements (Repeat Finding)**

CONDITION: The Town did not make the required deposits monthly. The Town made two payments in May 2020 and June 2020.

CRITERIA: Per the bond covenants, every month, no later than the 20th of the month, the Town is required to transfer 1/12 of that year's debt service from the Water Revenue Fund in to the Sinking Fund (Section 5.01(b) of the bond ordinance). In 2020, the required deposits each month from July 2018 through May 2020 were \$10,539.78 and for June 2020, \$10,472.74.

CAUSE OF CONDITION: The Town did not monitor the timing and requirements of the sinking fund deposits.

POTENTIAL EFFECT OF CONDITION: Violation of bond covenants.

RECOMMENDATION: The Town needs to implement procedures to fund the account each month.

RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.

**TOWN OF SLAUGHTER, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

**Finding 2019-006 Late Submittal of Audit Report (Repeat Finding)**

CONDITION: The report was submitted in March 2019.

CRITERIA: Per Louisiana state audit law, annual financial reports are due not later than six months after the close of the fiscal year.

CAUSE OF CONDITION: The Town had one municipal clerk that died and one that quit. This caused the Town's accounting to become backlogged.

POTENTIAL EFFECT OF CONDITION: The Town was not in compliance with the state audit deadline.

RECOMMENDATION: The Town needs to ensure its accounting is ready for the audit two months after the close of the fiscal year.

RESPONSE: We agree with the auditor's recommendation.

STATUS: Resolved.