

**TOWN OF ADDIS, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**As of and For the Year Ended  
December 31, 2020**

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# TOWN OF ADDIS, LOUISIANA

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December 31, 2020

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## TOWN OF ADDIS, LOUISIANA

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# **BAXLEY AND ASSOCIATES, LLC**

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Margaret A. Pritchard, CPA/CGMA  
Matthew L. Berthelot, CPA

-----  
Staci H. Joffrion, CPA/CGMA

-----  
Hugh F. Baxley, CPA/CGMA – Retired

To the Honorable David Toups, Mayor  
and the Council Members  
Town of Addis  
Addis, Louisiana

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Addis, Louisiana as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Addis, Louisiana's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Addis, Louisiana, as of December 31, 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, budgetary comparison information, schedule of employer's proportionate share of the net pension liability, and schedule of employer's pension contributions on pages 4-12 and 52-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Addis, Louisiana's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer, schedule of compensation paid to town council, justice system funding schedule—collecting/disbursing entity, and justice system funding schedule—receiving entity, as listed in the tables of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head or chief executive officer, schedule of compensation paid to town council, justice system funding schedule—collecting/disbursing entity, and justice system funding schedule—receiving entity, as listed in the tables of contents, 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 our opinion, the schedule of compensation, benefits and other payments to agency head or chief executive officer, schedule of compensation paid to town council, justice system funding schedule—collecting/disbursing entity, and justice system funding schedule—receiving entity, as listed in the tables of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITOR'S REPORT (continued)

The schedule of insurance in force, schedule of statistical data, and schedule of debt service coverage ratio have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of the Town of Addis, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Addis, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Addis, Louisiana's internal control over financial reporting and compliance.

*Baxley & Associates. LLC*

Plaquemine, Louisiana  
August 30, 2021

## **Town Of Addis, Louisiana**

### **Management's Discussion and Analysis (Unaudited)**

We offer the readers of the financial statements of the Town of Addis, Louisiana, this narrative overview and analysis of the financial activities of the Town of Addis (hereafter referred to as the "Town") for the fiscal year ended December 31, 2020.

#### ***FINANCIAL HIGHLIGHTS***

Key financial highlights for the 2020 fiscal year include the following:

- The Town's assets exceeded its liabilities at the close of the fiscal year by \$28,922,397 (net position). Of this amount, \$4,892,592 (unrestricted net position) may be used to meet the government's obligations to citizens and creditors.
- The Town's total net position increased by \$3,255,205 for the year ended December 31, 2020. Net position of governmental activities increased by \$1,701,547, and net position of business-type activities increased by \$1,553,658.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$4,174,201, an increase of \$375,156 in comparison with the prior fiscal year. Of this amount, \$203,036 is restricted in use.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3,971,165 or 105.2% of total General Fund expenditures.

#### ***OVERVIEW OF THE BASIC FINANCIAL STATEMENTS***

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised 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 themselves.

##### ***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, and are reported in two government-wide financial statements:

- The **Statement of Net Position** presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

## Town Of Addis, Louisiana

### Management's Discussion and Analysis (Unaudited), Continued

- The **Statement of Activities** presents information showing how the Town's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

The Town's government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Town's governmental activities include general government, public safety, streets and roads. The business-type activities of the Town include sanitary sewer facilities.

#### ***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 laws and regulations. The Town's funds are classified into two categories: governmental funds and proprietary funds.

- ***Governmental Funds:*** These funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. The focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore, a comparison should be made between the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will present a better understanding of the long-term impact of the government's near-term financing decisions.

The Town maintains a General governmental fund which covers the operations of the Town, including police protection services for citizens, maintenance of streets and roads, and the general administrative office.

The Town adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

## Town Of Addis, Louisiana

### Management's Discussion and Analysis (Unaudited), Continued

- **Proprietary funds:** The Town maintains one type of proprietary fund—*Enterprise*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sanitary sewer facilities activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

### Notes to the Financial Statements

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

## Town Of Addis, Louisiana

### Management's Discussion and Analysis (Unaudited), Continued

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceed liabilities by \$28,922,397 at December 31, 2020.

A large portion of the Town's net position (82 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, machinery, vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The Town used these capital assets to provide services to citizens; consequently, these assets are *not* 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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed version of the Town's Net Position is presented as follows:

	Government Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 4,384,384	\$ 3,914,041	\$2,478,373	\$ 1,679,907	\$ 6,862,757	\$ 5,593,948
Capital assets	17,050,218	15,744,635	9,902,089	8,114,472	26,952,307	23,859,107
Total assets	21,434,602	19,658,676	12,380,462	9,794,379	33,815,064	29,453,055
Deferred outflows	263,721	225,528	-	-	263,721	225,528
Current and other liabilities	168,463	95,083	395,925	789,842	564,388	884,925
Long-term liabilities	1,392,597	1,261,281	3,143,274	2,520,182	4,535,871	3,781,463
Total liabilities	1,561,060	1,356,364	3,539,199	3,310,024	5,100,259	4,666,388
Deferred inflows	56,129	148,253	-	-	56,129	148,253
Net position:						
Net Investment						
in Capital Assets	17,050,218	15,744,635	6,539,815	6,181,540	23,590,033	21,926,175
Restricted for:						
Road maintenance	203,036	-	-	-	203,036	-
Debt service	-	-	236,736	187,761	236,736	187,761
Unrestricted	2,827,880	2,634,952	2,064,712	918,304	4,892,592	3,553,256
Total net position	\$20,081,134	\$ 18,379,587	\$8,841,263	\$ 7,287,605	\$28,922,397	\$ 25,667,192

The balance of unrestricted net position, \$4,892,592, may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2020, the Town is able to report positive fund balances in all categories of net position for governmental activities and business activities.

## Town Of Addis, Louisiana

### Management's Discussion and Analysis (Unaudited), Continued

The Town's net position increased by \$3,255,205 during the current fiscal year. Net assets from governmental activities increased \$1,701,547 and its business-type activities had a increase of \$1,553,658. A condensed version of the Town of Addis's Statement of Activities is presented as follows:

	Government Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 409,553	\$ 406,754	\$ 1,989,857	\$ 1,905,114	\$ 2,399,410	\$ 2,311,868
Grants and contributions	221,876	89,754	-	-	221,876	89,754
Capital grants and contributions	1,699,572	1,496,733	675,000	-	2,374,572	1,496,733
General revenues:						
Sales taxes	3,022,564	2,860,920	-	-	3,022,564	2,860,920
Other taxes	299,304	273,988	-	-	299,304	273,988
Licenses and permits	-	-	-	-	-	-
Other general revenues	22,119	72,380	-	-	22,119	72,380
Total revenues	5,674,988	5,200,529	2,664,857	1,905,114	8,339,845	7,105,643
Expenses						
General government	1,734,019	1,653,958	-	-	1,734,019	1,653,958
Public safety	1,661,252	1,545,931	-	-	1,661,252	1,545,931
Public services	581,698	593,747	-	-	581,698	593,747
Water, sewage and gas	-	-	1,105,319	971,653	1,105,319	971,653
Total expenses	3,976,969	3,793,636	1,105,319	971,653	5,082,288	4,765,289
Excess (Deficiency) before Transfers and Other Financing Sources (Uses)	1,698,019	1,406,893	1,559,538	933,461	3,257,557	2,340,354
Transfers	5,880	5,880	(5,880)	(5,880)	-	-
Loss on disposal of fixed assets	(2,352)	-	-	-	(2,352)	-
Change in net position	1,701,547	1,412,773	1,553,658	927,581	3,255,205	2,340,354
Net position, beginning of year, restated	18,379,587	16,966,814	7,287,605	6,360,024	25,667,192	23,326,838
Net position, end of year	\$ 20,081,134	\$ 18,379,587	\$ 8,841,263	\$ 7,287,605	\$ 28,922,397	\$ 25,667,192

## **Town Of Addis, Louisiana**

### **Management's Discussion and Analysis (Unaudited), Continued**

#### ***GOVERNMENTAL 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 resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As a measure of the Town's liquidity, it may be useful to compare fund balance to total expenditures. Unreserved and unassigned fund balance represents 105.2% of total fund expenditures.

During the current year, the fund balance of the Town's general fund increased by \$375,156.

**Proprietary Funds.** The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As noted above, the Town maintains one enterprise fund for its sanitary sewer facilities activities. For the fiscal year ended December 31, 2020, this fund reported net position of \$8,841,263, which is a net increase from the prior year of \$1,553,658.

#### ***GENERAL FUND BUDGETARY HIGHLIGHTS***

The Town received \$956,249 more than its budgeted revenues. Total expenditures were less than the final amended budget by \$898,067 resulting in a \$1,854,316 favorable variance.

#### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets:** The Town's investment in capital assets for its governmental and business type activities as of December 31, 2020 amounts to \$26,952,307 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and wastewater treatment plant.

Major capital asset events during the current fiscal year included the following:

- \$122,500 was spent to purchase land
- \$215,366 was spent for machinery & equipment for the town
- \$427,786 was spent to overlay streets
- \$1,496,536 was received as a contribution for portion of roads transfer
- \$113,835 was spent on wastewater treatment plant improvements
- \$675,000 was received as a contribution of sewer pumps
- \$407,051 was spent on construction in progress for improvements to the sewer system

# Town Of Addis, Louisiana

## Management's Discussion and Analysis (Unaudited), Continued

	Government Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 330,838	\$ 208,338	\$ 16,755	\$ 16,755	\$ 347,593	\$ 225,093
Land rights	-	-	61,641	42,921	61,641	42,921
Construction in Progress	46,848	-	2,436,883	2,029,832	2,483,731	2,029,832
Improvements other than buildings	20,977,756	19,047,962	-	-	20,977,756	19,047,962
Buildings and structures	947,517	947,517	86,169	86,169	1,033,686	1,033,686
Museum	196,669	196,669	-	-	196,669	196,669
Historic railroad park	833,435	833,435	-	-	833,435	833,435
Sewer facility	-	-	11,160,545	10,353,710	11,160,545	10,353,710
Furniture and fixtures	32,582	33,182	-	-	32,582	33,182
Vehicles						
Town	82,339	82,339	64,499	64,499	146,838	146,838
Police	537,371	560,207	-	-	537,371	560,207
Machinery and equipment						
Town	772,011	596,620	672,001	618,201	1,444,012	1,214,821
Police	76,336	121,947	-	-	76,336	121,947
Website	12,195	12,195	-	-	12,195	12,195
Works of art	9,343	9,343	-	-	9,343	9,343
Subtotal	24,855,240	22,649,754	14,498,493	13,212,087	39,353,733	35,861,841
Less: Accumulated depreciation	(7,805,022)	(6,905,119)	(4,596,404)	(4,294,366)	(12,401,426)	(11,199,485)
Total Capital Assets, net of A/D	\$ 17,050,218	\$ 15,744,635	\$ 9,902,089	\$ 8,917,721	\$ 26,952,307	\$ 24,662,356

## Town Of Addis, Louisiana

### Management's Discussion and Analysis (Unaudited), Continued

#### Long-term Debt:

The Department of Environmental Quality (DEQ) project to upgrade the wastewater treatment plant began in 2010 and is financed by issuance of \$1,569,060 Sewer Revenue Bonds Series 2010. The bonds were purchased by the Clean Water State Revolving Fund (CFDA 66.458) administered by the Louisiana Department of Environmental Quality. All projects were completed during 2012 and the Town had received loan proceeds in the amount of \$1,569,060. As of December 31, 2020, the outstanding loan balance was \$822,000. During 2017, another loan was approved for up to \$3,000,000 in improvements to the sewer system. The Town received \$824,092 during 2020. As of December 31, 2020, the outstanding loan balance was \$2,540,274. The total outstanding on the two loans was \$3,362,274 as of December 31, 2020.

#### Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue Bonds Payable	\$ -	\$ -	\$ 3,362,274	\$ 2,736,182	\$ 3,362,274	\$ 2,736,182
Net Pension Liability	1,392,597	1,261,281	-	-	1,392,597	1,261,281
Total Long Term Debt	\$ 1,392,597	\$ 1,261,281	\$ 3,362,274	\$ 2,736,182	\$ 4,754,871	\$ 3,997,463

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Generally, the outlook for 2021 is very favorable for projected revenues. 2021 revenues have exceeded projections so far, and with several industrial expansions and growth in population, the adjustment to sales tax revenues should be favorable to trend upwards. Health insurance premiums were budgeted for a 15% increase, but will only increase by 13% effective May 1, 2021, and employees were given a 4% raise, which was also budgeted. The Town's contribution to the Louisiana Municipal Police Employee Retirement program will decrease from 33.75% to 29.75%, effective July 1, 2021. The Town also budgeted \$1,000,000 in capital outlays for the town hall building renovations, and \$625,000 to be used for road improvement projects in 2021, \$250,000 drainage improvement projects, \$225,000 in public works equipment purchases, and \$100,000 in police department equipment purchases.

## **Town Of Addis, Louisiana**

### **Management's Discussion and Analysis (Unaudited), Continued**

The Sewer Fund capital outlay budget was increased to secure funds for the purchase of new equipment and upgrades to existing sewer infrastructure. More projects and increases to the budget may happen when guidance and funds are received from the Coronavirus State and Local Fiscal Recovery Fund. Health insurance premiums were budgeted for a 15% increase, but will only increase by 13% effective May 1, 2021, and employees were given a 4% salary increase. All four projects under the \$3,000,000 LDEQ SRF Loan have been completed.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Jade Simpson, Town Clerk, at (225) 687-4844.

# TOWN OF ADDIS, LOUISIANA

## Statement of Net Position

December 31, 2020

	Primary Government		
	Government activities	Business-type activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,594,120	\$ 1,891,869	\$ 5,485,989
Investments	136,290	-	136,290
Receivables, net	382,752	74,849	457,601
Due from other funds	15,063	(15,063)	-
Prepays	41,720	19,534	61,254
Inventory	-	46,437	46,437
Restricted Cash and cash equivalents	214,439	460,747	675,186
Capital assets:			
Non-depreciable	377,686	2,515,279	2,892,965
Depreciable, net of depreciation	16,672,532	7,386,810	24,059,342
Total assets	21,434,602	12,380,462	33,815,064
<b>Deferred Outflow of Resources - Pension related</b>	263,721	-	263,721
Total assets and deferred outflows of resources	21,698,323	12,380,462	34,078,785
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	104,339	171,914	276,253
Accrued liabilities	52,778	-	52,778
Payable from restricted assets			
Civil bonds held	11,346	-	11,346
Accrued interest payable	-	5,011	5,011
Bonds payable, due within one year	-	219,000	219,000
Noncurrent liabilities:			
Bonds payable, due in more than one year	-	3,143,274	3,143,274
Net pension liability	1,392,597	-	1,392,597
Total liabilities	1,561,060	3,539,199	5,100,259
<b>Deferred Inflow of Resources - Pension related</b>	56,129	-	56,129
Total liabilities and deferred inflows of resources	1,617,189	3,539,199	5,156,388
<b>Net Position</b>			
Invested in capital assets, net of related debt	17,050,218	6,539,815	23,590,033
Restricted for:			
Road maintenance	203,036	-	203,036
Debt service	-	236,736	236,736
Unrestricted	2,827,880	2,064,712	4,892,592
Total net position	\$20,081,134	\$ 8,841,263	\$ 28,922,397

# TOWN OF ADDIS, LOUISIANA

## Statement of Activities

For the Year Ended December 31, 2020

	Expenses	Program Revenues		Net (expenses) revenue and change in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government	Total
					Governmental activities	Business-type activities
<b>Functions/programs</b>						
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 1,734,019	\$ 227,110	\$ -	1,496,536	\$ (10,373)	\$ -
Public safety	1,661,252	180,825	215,016	-	(1,265,411)	-
Public services	581,698	1,618	6,860	203,036	(370,184)	-
Total governmental activities	3,976,969	409,553	221,876	1,699,572	(1,645,968)	-
Business-type activities						
Sewer user charges	1,105,319	1,989,857	-	675,000	-	1,559,538
Total business-type activities	\$ 1,105,319	\$ 1,989,857	\$ -	\$ 675,000	-	1,559,538
General revenues:						
General purpose sales and use taxes					3,022,564	-
Franchise taxes					292,823	-
Other taxes					6,481	-
Investment earnings					6,994	-
Other income					15,125	-
Transfers					5,880	(5,880)
Total general revenues and transfers					3,349,867	(5,880)
Other financing sources (uses):						
Gain/(loss) on disposal of fixed assets					(2,352)	-
Change in net position					1,701,547	1,553,658
Net position - beginning, restated					18,379,587	7,287,605
Net position - ending					\$ 20,081,134	\$ 8,841,263
						\$ 28,922,397

The Accompanying Notes are an integral part of this statement

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## TOWN OF ADDIS, LOUISIANA

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### *Balance Sheet-Governmental Fund-General Fund*

*December 31, 2020*

	2020
<b>Assets</b>	
Cash and cash equivalents	\$ 3,594,120
Investments	136,290
Receivables-	
Franchise tax	109,912
Other	5,184
Accrued interest	95
Due from other governments-	
Sales tax	266,154
Other	1,407
Due from other funds	15,063
Restricted assets	
Cash	214,439
Total assets	<u>\$ 4,342,664</u>
<b>Liabilities and Fund Balances</b>	
Current liabilities:	
Accounts payable	\$ 104,339
Accrued liabilities	52,778
Payable from restricted assets	
Bonds payable, due within one year	11,346
Total liabilities	<u>168,463</u>
<b>Fund balances</b>	
Restricted for road maintenance	203,036
Unassigned	3,971,165
Total fund balances	<u>4,174,201</u>
Total Liabilities and Fund Balances	<u>\$ 4,342,664</u>

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## TOWN OF ADDIS, LOUISIANA

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### *Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net position December 31, 2020*

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<b>Fund balances - total governmental funds</b>	<b>\$ 4,174,201</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	
Governmental capital assets	24,855,239
Less accumulated depreciation	<u>(7,805,021)</u>
	17,050,218
Prepaid insurance premiums in governmental activities are not recognized as expenditures for governmental funds	41,720
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Pension related changes reported as deferred outflows	263,721
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Pension related changes reported as deferred inflows	(56,129)
Net pension liability	<u>(1,392,597)</u>
Net position of governmental activities	<u><u>\$ 20,081,134</u></u>

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## TOWN OF ADDIS, LOUISIANA

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### *Statement of Revenues, Expenditures and Changes in Fund Balance*

#### *Governmental Funds-General Fund*

*For the Year Ended December 31, 2020*

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<b>Revenues</b>	
Taxes	\$ 227,110
Franchise fees	292,823
Intergovernmental	3,421,114
Charges for services	1,618
Fines and forfeitures	180,825
Investment earnings	6,994
Miscellaneous	15,125
Total revenues	<u>4,145,609</u>
<b>Expenditures</b>	
Current	
General government	994,421
Public safety	1,539,444
Roads and drainage	415,597
Capital outlay	826,871
Total expenditures	<u>3,776,333</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	369,276
<b>Other Financing Sources (Uses)</b>	
Operating transfers out	5,880
Total other financing sources (uses)	<u>5,880</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>375,156</u>
<b>Fund Balance</b>	
Beginning	<u>3,799,045</u>
Ending	<u><u>\$ 4,174,201</u></u>

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## TOWN OF ADDIS, LOUISIANA

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### *Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, Changes in Fund Balances to the Statement of Activities For the Year Ended December 31, 2020*

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

Net change in fund balances - total governmental funds	\$ 375,156
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 and reported as depreciation expense.	
Capital outlay	826,871
Depreciation expense	(1,015,473)
	<u>(188,602)</u>
Revenues that do not provide current financial resources are not reported as revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance	
Contributions of capital assets	1,496,536
Expenditures that do not use current financial resources are not reported as expenses in the Statement of Revenues, Expenditures and Changes in Fund Balance	
Current prepaid insurance	41,720
Prior year prepaid insurance	(19,914)
	<u>21,806</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Gain (loss) on disposal of fixed assets	(2,352)
Pension expense	(997)
	<u>(3,349)</u>
Change in net position of governmental activities	<u>\$ 1,701,547</u>

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**TOWN OF ADDIS, LOUISIANA**

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**Statement of Net Position, Proprietary Fund**  
**December 31, 2020**

	Business-type Activities Enterprise Fund Sewer Fund
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,891,869
Accounts receivable, net	74,849
Prepaid expenses and other current assets	19,534
Inventory-tanks	46,437
Total current assets	<u>2,032,689</u>
<b>Non-current Assets</b>	
Restricted:	
Cash and cash equivalents	460,747
Total restricted assets	<u>460,747</u>
Capital assets:	
Non-depreciable	2,515,279
Depreciable, net of accumulated depreciation	7,386,810
Total capital assets (net of accumulated depreciation)	<u>9,902,089</u>
Total non-current assets	<u>10,362,836</u>
Total assets	<u>12,395,525</u>

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## TOWN OF ADDIS, LOUISIANA

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### *Statement of Net Position, Proprietary Fund, Continued*

*December 31, 2020*

	Business-type Activities Enterprise Fund Sewer System
<b>Liabilities</b>	
<b>Current Liabilities (payable from current assets):</b>	
Accounts payable	171,914
Due to other funds	15,063
Current liabilities payable from restricted assets:	
Accrued interest payable	5,011
Sewer revenue bonds payable	219,000
Total current liabilities	410,988
<b>Non-current Liabilities:</b>	
Sewer revenue bonds payable	3,143,274
Total non-current liabilities	3,143,274
Total liabilities	3,554,262
<b>Net Position</b>	
Invested in capital assets, net of related debt	6,539,815
Restricted for debt service	236,736
Unrestricted	2,064,712
Total net position	\$ 8,841,263

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## TOWN OF ADDIS, LOUISIANA

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### *Statement of Revenues, Expenses and Changes in Fund Net Position*

#### *Proprietary Fund*

*For the Year Ended December 31, 2020*

	Business-type Activities Enterprise Fund Sewer System
<b>Operating Revenues</b>	
Charges for services	\$ 1,081,657
Installations	10,950
Impact Fees	897,250
<b>Total Operating Revenues</b>	<u>1,989,857</u>
<b>Operating Expenses</b>	
Personal services	308,916
Utilities	79,347
Operating expenses	342,057
Contract services	42,546
Depreciation	302,039
<b>Total Operating Expenses</b>	<u>1,074,905</u>
<b>Operating Income (Loss)</b>	<u>914,952</u>
<b>Nonoperating Revenues (Expenses)</b>	
Administrative fees	(15,891)
Interest income	15
Interest expense	(14,538)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(30,414)</u>
<b>Income (Loss) before contributions and transfers</b>	<u>884,538</u>
<b>Contributions and Transfers In (Out)</b>	
Contributions of capital assets	675,000
General Fund	(5,880)
<b>Total Contributions and Transfers In (Out)</b>	<u>669,120</u>
<b>Change in net position</b>	<u>1,553,658</u>
<b>Net position</b>	
Beginning, as restated	<u>7,287,605</u>
Ending	<u>\$ 8,841,263</u>

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## TOWN OF ADDIS, LOUISIANA

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### Statement of Cash Flows

#### Proprietary Fund

For the Year Ended December 31, 2020

	Business-type Activities Enterprise Fund Sewer System
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 1,983,058
Payments to suppliers	(907,494)
Payments to employees for services and benefits	(308,916)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>766,648</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers from other funds	(5,880)
<b>Net Cash Provided By (Used in) Noncapital Financing Activities</b>	<u>(5,880)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Proceeds from bonds issued	824,092
Purchase of capital assets	(611,406)
Interest and administrative fees paid	(30,193)
Principal paid on revenue bonds	(198,000)
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<u>(15,507)</u>
<b>Cash Flows From Investing Activities</b>	
Investment income	15
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>15</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	745,276
<b>Cash and Cash Equivalents</b>	
Beginning	1,607,340
Ending	<u>\$ 2,352,616</u>
<b>Cash and Cash Equivalents</b>	\$ 1,891,869
<b>Restricted Assets</b>	<u>460,747</u>
<b>Totals</b>	<u>\$ 2,352,616</u>
<b>Noncash Investing, Capital, and Financing Activities</b>	
<b>Net assets contributed to the system</b>	<u>\$ 675,000</u>

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## TOWN OF ADDIS, LOUISIANA

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### *Statement of Cash Flows*

#### *Proprietary Fund, Continued*

*For the Year Ended December 31, 2020*

	Business-type Activities Enterprise Fund Sewer System
<b>Cash Flows From Operating Activities</b>	
Operating income	\$ 914,952
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	302,039
(Increase) decrease in assets	
Accounts receivable	(6,799)
Prepaid expenses	(19,006)
Inventory	(27,385)
Increase (decrease) in liabilities	
Accounts payable	(397,153)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u><u>\$ 766,648</u></u>

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# TOWN OF ADDIS, LOUISIANA

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## Notes to Financial Statements

December 31, 2020

### 1. Introduction

The Town of Addis was incorporated September 1915, under the provisions of Title 33, Chapter 2. Part I, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The "Town" operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the Town are discussed below.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity.** The financial reporting entity consists of (a) the primary government (Town of Addis) (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement 61, *The Financial Reporting Entity: Omnibus* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement the basic criteria are as follows:

- Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
- Whether the Town governing authority appoints a majority of board members of the potential component unit (or serves as board members of potential component unit as required by law) and whether operational responsibility for the potential component unit rests with the management of the primary government.
- Fiscal interdependency between the Town and potential component unit.
- Imposition of will by the Town on the potential component unit.
- Financial benefit/burden relationship between the Town and the potential component unit.

Based on the above criteria, the Town has no component units.

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## **TOWN OF ADDIS, LOUISIANA**

### ***Notes to Financial Statements, Continued***

***December 31, 2020***

#### **BASIC FINANCIAL STATEMENTS -- GOVERNMENT-WIDE STATEMENTS**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's police, public works, and general administrative services are classified as governmental activities. The Town's sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (sales and use tax, franchise tax, and certain governmental revenues, etc). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

Program revenues must be directly associated with the function (public safety, public works and general administration) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (sales and use tax, franchise tax, intergovernmental revenue, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

#### **BASIC FINANCIAL STATEMENTS -- FUND FINANCIAL STATEMENTS**

The financial transactions of the Town are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves. Fund equity, revenues and expenditures/expenses.

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

The emphasis in fund financial statements is on the major funds for either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town had no non-major funds.

**Governmental Funds.** The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Town. The Town reports these major governmental funds and fund types:

**General Fund.** The General Fund is the main operating fund of the Town. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are net paid through other funds are paid from the General Fund.

**Proprietary Fund Types.** The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town reports the following proprietary fund types:

**Enterprise Fund.** Used to account for operations for which a fee is charged to external users for sewer services. The activities reported in this fund are reported as business-type activities in the government-wide financial statements.

**Basis of Accounting.** Basis of Accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It related to the timing of the measurements made regardless of the measurement focus applied.

**Accrual.** Both the governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Non-exchange revenues, including intergovernmental revenues and grants are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

**Modified Accrual.** The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

**Cash and cash equivalents.** 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.

**Investments.** State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposit, government backed securities, state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at their fair value.

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. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 – Inputs including

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to fair value measurement.

**Receivables.** All receivables are reported net of estimated uncollectible amounts.

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## TOWN OF ADDIS, LOUISIANA

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### Notes to Financial Statements, Continued

December 31, 2020

**Inventories and Prepaid Items.** All inventories are stated at the first-in, first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and business-type fund financial statements.

Expenditures by the governmental funds for insurances or similar services that extend over more than one reporting period are not required to be allocated, but may be accounted for as expenditures in the period paid and is known as the non-allocation method. The Governmental Fund - General Fund - fund financial statements utilizes the non-allocation method.

**Capital Assets.** Capital assets, which include property, plant equipment, and infrastructure assets (e.g. roads, bridges, sidewalk and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The Town maintains a threshold level of \$2,000 or more for capitalizing capital assets and \$50,000 for contributed 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. During the current fiscal year, no interest was incurred in the capitalized projects.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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Buildings	40 years
Building improvements	20-25 years
Improvements other than buildings	20 years
Sewer system	40-43 years
Mowers, tractors and attachments	10-15 years
Light trucks & equipment	5 years

**Compensated Absences.** Employees of the Town earn vacation or sick leave at varying rates based upon length of service. Vacation leave is non-cumulative, any unused vacation not taken by December 31, is lost. Unused personal/sick leave may be carried into the first ninety days of the subsequent year, any unused personal/sick leave not taken by March 31 is lost. Any unused personal/sick leave is immaterial, therefore, no accrual has been made.

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

**Long-Term Debt.** Long-Term Debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term obligations for governmental funds are not reported as a liability in the fund financial statements.

The reporting of long-term debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

**Fund Equity.** Government-wide and proprietary fund net position are divided into three components:

- Net investment in capital assets - consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position - consist of assets that are restricted by the Town's creditors, by state enabling legislation, by grantors, and by other contributors, less related liabilities and deferred inflows of resources.
- Unrestricted -- all other net position are reported in this category.

**Fund Financial Statements.** In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable -- Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by Town ordinance or resolution.
- Assigned - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Board of Councilmen.
- Unassigned - All amounts not included in other spendable classifications.

**Use of Restricted Resources** .When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

**Interfund Activity.** Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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

**Defining Operating Revenues and Expenses.** The Town's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Town's sewer fund consists of charges for services (including system development charges) and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

**Deferred Outflows of Resources and Deferred Inflows of Resources and Net Position.** In December 2010, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

**Recently Adopted Accounting Pronouncements.** The GASB has issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period."* The objectives of

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, with early application encouraged, as extended by GASB Statement No. 95, "*Postponement of Effective Dates of Certain Authoritative Guidance*." The Town has adopted this Statement for the year end.

**Subsequent Events.** In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through August 30, 2021, the date the financial statements were available to be issued.

### **2. Stewardship, Compliance and Accountability**

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

- A proposed budget is prepared and submitted by the Mayor to the Board of Councilmen prior to the beginning of each fiscal year. The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- The budget is adopted through passage of an ordinance prior to commencement of the fiscal year for which the budget is being adopted.
- Budgetary amendments involving the transfer of funds from one department program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval from the Board of Councilmen.
- Budgets for the General is adopted on a GAAP basis therefore these funds utilize the same basis of accounting for both budgetary purposes and actual results. The Budgetary Comparison Schedule presents a comparison of budgetary data and actual results of operations for which budgets are legally adopted.
- All budgetary appropriations lapse at the end of each fiscal year.
- The level of budgetary control is total appropriations.

### **3. Deposits and Investments**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

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## TOWN OF ADDIS, LOUISIANA

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### Notes to Financial Statements, Continued

December 31, 2020

**Bank Deposits.** The Town's policy as well as State law requires deposits, (cash and certificates of deposits) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes federal deposit insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security deposits. Obligations furnished as security must be held by the political subdivision or an unaffiliated bank, or with a trust company for the accounts of the political subdivision. The current year end balances of deposits are as follows:

Deposits do not include \$816 on cash on hand.

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy for custodial credit risk which reflects state law. As of December 31, 2020 the Town had \$6,625,709 in deposits (collected bank balances). These deposits were secured from risk by \$511,903 in federal deposit insurance and \$6,349,613 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). \$6,107,711 of uninsured collected bank balances were secured from risk by pledged securities, and \$6,095 from one institution were unsecured and uninsured as of December 31, 2020.

Financial statement classification	Demand Deposits	Certificates of Deposit	Total
Cash and cash equivalents	\$ 5,485,989	\$ -	\$ 5,485,989
Investments	-	136,290	136,290
Restricted Cash and cash equivalents	675,186	-	675,186
Balance per Town books	\$ 6,161,175	\$ 136,290	\$ 6,297,465
Institutional balances	\$ 6,489,419	\$ 136,290	\$ 6,625,709

#### 4. Investments

Investments are stated at fair value.

**Custodial Credit Risk – Investments.** Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction the Town will not be able to recover the value of the investment. Investments are exposed to custodial risk if the securities are (a) uninsured and unregistered and held by the counterparty or (b) uninsured, unregistered and held by the counterparty's trust department or agent but not in the name of the Town. The following chart presents the investment position of the Town at December 31, 2020. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

# TOWN OF ADDIS, LOUISIANA

## Notes to Financial Statements, Continued

December 31, 2020

Investments not subject to collateralization.

Interest Rate Risk: The Town has no formal policy regarding interest rate risk.

	Change in Investments	
	Amortized Cost	Fair Value
Balance, December 31, 2019	\$ 135,777	\$ 135,777
Add:		
Investment purchase	513	513
Balance, December 31, 2020	\$ 136,290	\$ 136,290

The following table sets forth by level within fair value hierarchy the Town's assets at estimated fair value as of December 31, 2020:

Type of Investment	Bank	Maturity Date	Category			Carrying Amount	Fair Value
			1	2	3		
Certificates of deposit	The First Bank	12/29/2021	\$ 44,073	\$ -	\$ -	\$ 44,073	\$ 44,073
Certificates of deposit	Cottonport Bank	4/19/2021	12,217	-	-	12,217	12,217
Certificates of deposit	Business First Bank	1/30/2021	40,000	-	-	40,000	40,000
Certificates of deposit	Business First Bank	3/2/2021	10,000	-	-	10,000	10,000
Certificates of deposit	Business First Bank	11/16/2021	30,000	-	-	30,000	30,000
Total			\$ 136,290	\$ -	\$ -	\$ 136,290	\$ 136,290

## 5. Receivables

The following is a summary of receivables for December 31, 2020:

	General Fund	Sewer Fund	Total
Sales tax	\$ 266,154	\$ -	\$ 266,154
Franchise tax	109,912	-	109,912
Accounts receivable	-	94,055	94,055
Accrued interest	95	-	95
Other	6,591	-	6,591
Total Receivables	382,752	94,055	476,807
Allowance for Uncollectibles	-	(19,206)	(19,206)
Receivables, Net	\$ 382,752	\$ 74,849	\$ 457,601

# TOWN OF ADDIS, LOUISIANA

## Notes to Financial Statements, Continued

December 31, 2020

### 6. Capital Asset Summary

	Beginning Balance December 31, 2019	Increases	Decreases	Ending Balance December 31, 2020
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 208,338	\$ 122,500	\$ -	\$ 330,838
Construction in Progress	-	46,848	-	46,848
Total capital assets, not being depreciated	\$ 208,338	\$ 169,348	\$ -	\$ 377,686
Capital assets, being depreciated:				
Improvements other than buildings	19,047,962	1,929,794	-	20,977,756
Buildings and structures	947,517	-	-	947,517
Historical Railroad Park	833,435	-	-	833,435
Museum	196,669	-	-	196,669
Furniture and fixtures	33,182	-	600	32,582
Vehicles-Town	82,339	-	-	82,339
Machinery & equipment	596,620	215,366	39,975	772,011
Website	12,195	-	-	12,195
Works of Art	9,343	-	-	9,343
Police Department Equipment	121,947	4,806	50,417	76,336
Police Department Vehicles	560,207	4,095	26,931	537,371
Total capital assets, being depreciated	22,441,416	2,154,061	117,923	24,477,554
Less accumulated depreciation for:				
Improvements other than buildings	5,010,868	807,942	-	5,818,810
Buildings and structures	521,573	22,840	-	544,413
Historical Railroad Park	339,512	41,303	-	380,815
Museum	99,654	4,853	-	104,507
Furniture and fixtures	33,182	-	600	32,582
Vehicles-Town	35,089	10,223	-	45,312
Machinery & equipment	392,396	46,935	39,975	399,356
Website	12,195	-	-	12,195
Works of Art	9,343	-	-	9,343
Police Department Equipment	92,920	10,071	48,065	54,926
Police Department Vehicles	358,387	71,307	26,931	402,763
Total accumulated depreciation	6,905,119	1,015,474	115,571	7,805,022
Total capital assets, being depreciated, net	15,536,297	1,138,587	2,352	16,672,532
<b>Governmental activities capital assets, net</b>	<b>\$ 15,744,635</b>	<b>\$ 1,307,935</b>	<b>\$ 2,352</b>	<b>\$ 17,050,218</b>

# TOWN OF ADDIS, LOUISIANA

## Notes to Financial Statements, Continued

December 31, 2020

Depreciation expense was charged to government functions as follows:

General Government	\$ 759,643
Public Safety - Police Department	87,559
Public Works	168,271
Total	<u>\$ 1,015,473</u>

The following is a summary of the changes in property, plant and equipment of the Enterprise Fund- Sewer System for the year ended December 31, 2020:

	Beginning Balance December 31, 2019	Increases	Decreases	Ending Balance December 31, 2020
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 16,755	\$ -	\$ -	\$ 16,755
Land rights	42,921	18,720	-	61,641
Construction in Progress	2,029,832	407,051	-	2,436,883
	<u>2,089,508</u>	<u>425,771</u>	<u>-</u>	<u>2,515,279</u>
Capital assets, being depreciated:				
Buildings	86,169	-	-	86,169
Sewer facility	10,353,710	806,835	-	11,160,545
Machinery & Equipment	618,201	53,801	-	672,002
Vehicles	64,499	-	-	64,499
Total capital assets, being depreciated	<u>11,122,579</u>	<u>860,636</u>	<u>-</u>	<u>11,983,215</u>
Less accumulated depreciation for:				
Buildings	21,449	2,207	-	23,656
Sewer facility	3,928,147	246,222	-	4,174,369
Machinery & Equipment	316,221	42,070	-	358,291
Vehicles	28,549	11,540	-	40,089
Total accumulated depreciation	<u>4,294,366</u>	<u>302,039</u>	<u>-</u>	<u>4,596,405</u>
Total capital assets, being depreciated, net	<u>6,828,213</u>	<u>558,597</u>	<u>-</u>	<u>7,386,810</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 8,917,721</u>	<u>\$ 984,368</u>	<u>\$ -</u>	<u>\$ 9,902,089</u>

# TOWN OF ADDIS, LOUISIANA

## Notes to Financial Statements, Continued

December 31, 2020

### 7. Long-Term Liabilities

On November 10, 2010, the Town issued Sewer Revenue Bonds, Series 2010 in the amount of \$1,569,060 for the purpose of paying the costs of constructing and acquiring improvements and extensions to the Town's sewer system. The bonds were purchased by the Louisiana Department of Environmental Quality financed by the Clean Water State Revolving Fund. The Wastewater Treatment Facility phase of the project was completed during 2011 and the Pump Station and Force Main phase was completed in 2012. During 2017, the Town was approved for up to \$3,000,000 for improvements to the sewer system. Purchase price of the bonds are distributed to the Town in installments as construction progresses. The Town received \$824,092 and \$1,836,182 during the years ended December 31, 2020 and 2019, respectively. The total outstanding on the two loans was \$3,362,274 as of December 31, 2020.

	Issued	Original Amount	Matures	Interest Rate
Sewer Revenue Bonds - Series 2010	11/9/2010	\$ 1,569,060	11/1/2030	0.45%
Sewer Revenue Bonds - Series 2017	6/14/2017	up to \$3,000,000	11/1/2038	0.45%

  

	Balance at December 31, 2019	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at December 31, 2020	Due in More Than One Year	Amount due within One Year
Sewer Revenue Bonds - Series 2010	\$ 900,000	\$ -	\$ 78,000	\$ 822,000	\$ 743,000	\$ 79,000
Sewer Revenue Bonds - Series 2017	1,836,182	824,092	120,000	2,540,274	2,400,274	140,000
Total long-term debt	\$ 2,736,182	\$ 824,092	\$ 198,000	\$ 3,362,274	\$ 3,143,274	\$ 219,000

The annual maturities for the bonds for the years subsequent to December 31, 2020 are as follows:

Year Ending December 31,	Principal	Interest
2021	\$ 219,000	\$ 31,700
2022	220,000	29,861
2023	222,000	27,771
2024	225,000	25,662
2025-2029	1,155,000	96,408
2030-2034	860,000	44,929
2035-2039	461,274	8,804
	<u>\$ 3,362,274</u>	<u>\$ 265,135</u>

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

#### **8. Restricted Assets and Flow of Funds**

Restricted cash held in the general fund of \$214,439 represents \$11,403 in bond funds that is refundable to the payor once court proceeding have been concluded and properly authorized for disbursement and \$203,036 in funds held to be applied for improvements to storm drain system for the portion of road transferred from DOTD.

The bond ordinance for the Sewer Revenue Bonds, Series 2010 and 2017 requires the creation of the below accounts. All of income and revenues derived from the operation of the System shall be deposited daily as the same may be collected in the "Sewer Revenue Fund" (the "Revenue Fund"). Funds in the Revenue Fund shall be expended in the following order of priority and for the following express purposes:

- a) All reasonable and necessary costs and expenses of administration, operation and maintenance of the System as are not provided for from other lawfully available sources shall first be paid from the Revenue Fund.
- b) The Issuer shall maintain a separately identifiable fund designated as the "Sewer Revenue Bond and Interest Sinking Fund" (the "Debt Service Fund"), by transferring from funds in the Revenue Fund, after making the payments required by (a) above, to the Debt Service Fund monthly on or before the 20<sup>th</sup> day of each month of each year, a sum equal to the principal, interest and Administrative Fee, accruing on the Bonds and the Outstanding Parity Bonds for such month, together with such additional proportionate monthly sum as may be required to pay said principal, interest and Administrative Fee, if any, as the same become due. The Issuer shall transfer from said Debt Service Fund to the paying agent bank or banks for all bonds payable from the Debt Service Fund, or directly to the Owners, on or before each Interest Payment Date, funds fully sufficient to pay promptly the principal, interest and Administrative Fee, if any, falling due on such date.
- c) The Issuer shall maintain a separately identifiable fund or account designated as the "Sewer Revenue Bond Reserve Fund" (the "Reserve Fund") the money in the Reserve Fund to be retained solely for the purpose of paying the principal of and interest on Bonds and the Outstanding Parity Bonds and payable from the Debt Service Fund as to which there would otherwise be default, be transferring from the Revenue Fund (after making all required payments from said fund as hereinabove described), on or before the 20<sup>th</sup> day of each month, a sum at least equal to 25% of the amount to be paid into the Debt Service Fund for such month, the payments into said Reserve Fund to continue until such time there has been accumulated therein a sum equal to the Reserve Fund Requirement. Upon the issuance of additional Parity Bonds, there shall be transferred from the proceeds of such additional bonds and/or from the Revenue Fund into the Reserve Fund, monthly or annually, such amounts (as may be designated in the ordinance authorizing the issuance of such additional Parity Bonds) as will increase the total amount on deposit in the Reserve Fund within a

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

- period not exceeding five (5) years to a sum equal to the Reserve Fund Requirement for all outstanding bonds payable from the Debt Service Fund, including such additional Parity Bonds.
- d) The Issuer shall maintain a separately identifiable fund or account designated "Sewer Depreciation Additions and Contingency Fund" (the "Contingency Fund") to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from funds in the Revenue Fund after making the payments required (a), (b) and (c) above to the Contingency Fund monthly on or before the 20<sup>th</sup> day of each month of each year, a sum equal to five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available after provision is made for the payments required under paragraphs (a), (b) and (c) above. Such payments into the Contingency Fund shall continue until such time as there has been accumulated in the Contingency Fund the sum of One Hundred Fifty Thousand Dollars (\$150,000), whereupon such payments may cease and need to be resumed thereafter only if the total amount of money on deposit in said fund is reduced below said sum of One Hundred Fifty Thousand Dollars (\$150,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the Bonds, including and Parity Bonds, for the payment of which there is not sufficiency money in the Debt Service Fund and the Reserve Fund described in paragraphs (b) and (c) above, but the money in said Contingency Fund shall never be used for the making of use of said money will leave in said Contingency Fund for the making of emergency repairs or replacements less than the sum of Ten Thousand Dollars (\$10,000).
- e) Any money remaining in the Revenue Fund after making the above-required payments may be used by the Issuer for the purpose of calling and/or purchasing and paying any bonds payable from the revenues of the System, or for such other lawful corporate purposes as the Governing Authority may determine, whether such purposes are or are not in relation to the System.

Account balances as of December 31, 2020 are as follows:

Account Name	Balance
Sewer Bond & Interest Sinking Fund	\$ 185,429
Sewer Revenue Reserve Fund	124,550
Sewer Depreciation, Additions & Contingency Fund	150,655
2017 DEQ Construction Fund	113
<b>Total</b>	<b>\$ 460,747</b>

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## TOWN OF ADDIS, LOUISIANA

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### Notes to Financial Statements, Continued

December 31, 2020

#### 9. Franchise Agreements

##### Cable Television

A non-exclusive cable franchise was granted to Cox Communications, Inc., on June 20, 2005 for a period of 25 years. The annual franchise fee is 5% of the company's gross receipts.

On October 1, 2008, the Town passed ordinance No. 2008-9, setting franchise fees for all cable or video services at 5% of gross receipts from operations within the Town's municipal limits.

##### Electric

On October 1, 1972, the Town entered into a franchise with Gulf State Electric Utilities Company, now Entergy, to supply electricity to the Town for a period of 60 years. In consideration, the Town shall receive a fee of 4.5% of the gross receipts from sales of electricity to customers within the corporate limits of Addis from October 1, 1972 to September 30, 1982, then from October 1, 1982 to September 30, 2032, a fee of 5%.

#### 10. On-Behalf Payments for Fringe Benefits and Salaries

The Town's police chief and police officers received about \$66,020 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenues are reported in the General Fund and the expenditures are included in Public Safety expenditures.

#### 11. Interfund Balances

The Town reports interfund balances between its funds. The totals of all balances agree with the sum of interfund balances present in the fund statements.

	Due From		
	General Fund	Sewer Fund	Total
<b>Due To</b>			
General Fund	\$ -	\$ 16,221	\$ 16,221
Sewer Fund	1,158	-	1,158
<b>Total</b>	<b>\$ 1,158</b>	<b>\$ 16,221</b>	<b>\$ 15,063</b>

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

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## TOWN OF ADDIS, LOUISIANA

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### Notes to Financial Statements, Continued

December 31, 2020

For the year ended December 31, 2020, interfund transfers consisted of the following:

	Transfer In	Transfer Out	Total
General Fund	\$ 5,880	\$ -	\$ 5,880
Sewer Fund	-	(5,880)	(5,880)
<b>Total</b>	<b>\$ 5,880</b>	<b>\$ (5,880)</b>	<b>\$ -</b>

### 12. Pension Plan

The Town's police employees are members of the Municipal Police Employees Retirement System of Louisiana. The system is a cost sharing, multiple-employer defined benefit pension plan administered by separate board of trustees. Pertinent information relative to the plan follows:

**Plan Description.** The Municipal Police Employees' Retirement System (MPERS) is a cost-sharing multiple-employer defined benefit plan. Membership in the System 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 arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

**Benefits Provided.** Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a 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.

#### 1. Retirement

##### 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

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

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 \$200.00 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 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.

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## **TOWN OF ADDIS, LOUISIANA**

### ***Notes to Financial Statements, Continued***

***December 31, 2020***

#### **2. 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 being applied to the account.

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

#### **3. 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.

#### **4. 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.

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## TOWN OF ADDIS, LOUISIANA

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### *Notes to Financial Statements, Continued*

*December 31, 2020*

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.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

#### ***Contributions***

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' 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 all 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 all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively.

#### **Non-employer contributions**

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended December 31, 2020 and excluded in pension expense.

The Town's contractually required composite contribution rate for the year ended December 31, 2020 was 33.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Town were \$159,722 for the year ended December 31, 2020.

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## TOWN OF ADDIS, LOUISIANA

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### Notes to Financial Statements, Continued

December 31, 2020

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

At December 31, 2020, the Employer reported a liability of \$1,392,597 for its proportionate share of the Net Pension Liability. 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 projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year, actuarially determined. At June 30, 2020, the Town's proportion was .1507%, which was an increase of .0118% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of \$191,820 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$30,503).

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (54,853)
Changes of assumptions	-	(1,276)
Net difference between projected and actual earnings on pension plan investments	167,070	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	15,412	-
Town contributions subsequent to the measurement date	81,239	-
Total	\$ 263,721	\$ (56,129)

\$81,239 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 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:

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## TOWN OF ADDIS, LOUISIANA

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Notes to Financial Statements, Continued

December 31, 2020

Year ended June 30:	MPERS
2020	\$ (13,779)
2021	43,471
2022	79,805
2023	31,728

### *Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020:

<b>Valuation Date</b>	June 30, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	4 years
<b>Investment Rate of Return</b>	6.950%, net of investment expense
<b>Inflation Rate</b>	2.5% per annum
<b>Salary Increases, including Inflation and merit</b>	

Years of Service	Salary Growth Rate
1-2	12.30%
Above 2	4.70%

### **Mortality**

For annuitants and beneficiaries, the Pub-2010 Public Retirement Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Morality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females,

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## TOWN OF ADDIS, LOUISIANA

### Notes to Financial Statements, Continued

December 31, 2020

each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale 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.

#### Mortality Rate

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. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The 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:

June 30, 2020		
Asset Class	Target Allocation	Long-Term Expected 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 Return		7.19%

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## TOWN OF ADDIS, LOUISIANA

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*Notes to Financial Statements, Continued*

*December 31, 2020*

### **Discount Rate**

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 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 Employer's proportionate share of the Net Pension Liability using the discount rate of 6.950%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.950%) or one percentage-point higher (7.950%) than the current rate:

	<b>1% Decrease (5.950%)</b>	<b>Current Discount Rate (6.950%)</b>	<b>1% Increase (7.950%)</b>
City's proportionate share of the net pension liability	\$ 1,956,451	\$ 1,392,597	\$ 921,239

### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS 2020 Comprehensive Annual Financial Report at [www.Lampers.org](http://www.Lampers.org).

## **13. Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all permanent Town employees, permits them to defer until future years up to 100% of annual compensation not to exceed \$18,500 in 2020, adjusted thereafter for cost of living adjustments in \$500 annual increments up to age 50; participants age 50

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## **TOWN OF ADDIS, LOUISIANA**

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### ***Notes to Financial Statements, Continued***

***December 31, 2020***

and over are eligible for catch-up contributions provided the catch-up contributions do not exceed the catch-up limit for the taxable year. The Town contributes on behalf of its employees based upon employee contributions with a maximum match of 20.1 %. The Town also contributes an additional annual contribution for participating full time employees of \$1,500, except for police officers. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB No. 32 the Town is no longer required to report the plan in its financial statements.

#### **14. Intergovernmental Agreements**

West Baton Rouge Parish Natural Gas and Water Systems –

A service agreement is in effect between West Baton Rouge Parish and the Town in which the Parish agrees to bill and collect sewer fees from water customers served by the Town sewer system. The sewer rates are based on water usage, and customers may have their water service discontinued for non-payment of sewer fees. The amount due from the Parish for customer sewer fees billed through December 31, 2020 was \$74,849.

#### **15. Sewer User Fees**

Charges for sewer use are as follows:

Residential - \$24.00 plus \$3.25 per 1,000 gallons after 4,000.

Non-residential - \$38.00 plus \$3.00 per 1,000 gallons after 4,000.

#### **16. Economic Dependence**

The Town of Addis received 50.6%, of its total revenue from parish and district sales tax.

#### **17. Risk Management**

The Town of Addis is exposed to various risks of loss for which the Town carries commercial insurance. There have been no reductions in insurance coverage during the last year. Settled claims have not exceeded coverage in the last three years.

#### **18. Contingencies and Commitments**

Litigation - In the opinion of the Town's management after consultation with legal counsel, the potential loss for any claims and lawsuits will not materially affect the Town's financial position.

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## **TOWN OF ADDIS, LOUISIANA**

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### ***Notes to Financial Statements, Continued***

***December 31, 2020***

The Louisiana Department of Environmental Quality purchase of the Taxable Sewer Revenue Bond – Series 2017 was financed by the Drinking Water Revolving Loan Fund, a federal program operated through the United States Environmental Protection Agency (EPA). Amounts received are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

#### **19. Related Parties**

Town of Addis Councilman Tate Acosta is the Vice President of R.J. Daigle and Sons who performed some road projects for the Town during 2020. He abstains from any Council discussions or actions in relation to R.J. Daigle and Sons. The Town of Addis paid R.J. Daigle and Sons \$656 for the year ending December 31, 2020 and no amounts were owed as of year end.

#### **20. Cooperative Endeavor Agreement and Restrictions of Fund Balance and Net Position**

The Town of Addis entered into a Cooperative Endeavor Agreement with the Department of Transportation and Development (DOTD) on December 13, 2015, for the transfer of ownership of a portion of state route LA 990 known as Main Street when certain conditions and requirements for the road transfer were met, and for DOTD to also provide funds in the amount of \$203,036 in road transfer credit to be transferred to the Town to be applied for improvements to storm drain system for the portion of road transferred. On May 1, 2020, the act of transfer and acceptance was signed. The Town received the funds of \$203,036 which is restricted for the purpose of the improvements to storm drain system. As of December 31, 2020, no amount of these funds has been expended.

#### **21. New Accounting Pronouncements Not Yet Implemented**

In June 2017, GASB has issued Statement No. 87 “Leases”. This Statement is effective for fiscal years beginning subsequent of December 15, 2019. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. GASB issued Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance” which has deferred the effective date of Statement No. 87

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## TOWN OF ADDIS, LOUISIANA

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### Notes to Financial Statements, Continued

December 31, 2020

Implementation Guide No. 2019-03 by 18 months to fiscal years beginning after June 15, 2021. The Town plans to adopt this Update as applicable by the effective date.

The GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, as extended by GASB Statement No. 95, "Postponement of Effective Dates of Certain Authoritative Guidance." The Town plans to adopt this Statement as applicable by the effective date.

### 22. Prior Period Adjustments

Prior period adjustments were made to the total net position and invested in capital assets balance to correct error of contributed property and accumulated depreciation balances as of December 31, 2019. Contributed property from subdivision developments and the related depreciation was not recorded by the Town in prior periods.

#### General Fund

Net position at December 31, 2019, as originally stated	\$ 6,940,367
Correction of contributed property error, net of accumulated depreciation	<u>11,439,220</u>
Net position at December 31, 2019, as restated	<u>\$ 18,379,587</u>
Investment in capital assets at December 31, 2019, as originally stated	\$ 4,305,415
Correction of contributed property error, net of accumulated depreciation	<u>11,439,220</u>
Investment in capital assets at December 31, 2019, as restated	<u>\$ 15,744,635</u>

#### Sewer Fund

Net position at December 31, 2019, as originally stated	\$ 6,484,355
Correction of contributed property error, net of accumulated depreciation	<u>803,250</u>
Net position at December 31, 2019, as restated	<u>\$ 7,287,605</u>
Investment in capital assets at December 31, 2019, as originally stated	\$ 5,378,290
Correction of contributed property error, net of accumulated depreciation	<u>803,250</u>
Investment in capital assets at December 31, 2019, as restated	<u>\$ 6,181,540</u>

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## **TOWN OF ADDIS, LOUISIANA**

*Notes to Financial Statements, Continued*

*December 31, 2020*

### **23. Subsequent Event**

In 2020, the Town was affected by Hurricane Laura and Delta and expenditures were incurred for emergency preparation. The Town has received approval for expenditure reimbursement from the Governor's Office of Homeland Security and Emergency Preparedness for a total of \$130,382 in 2021. No adjustment has been made to the financial statements for the approval of expenditure reimbursement.

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**TOWN OF ADDIS, LOUISIANA**

*Required Supplementary Schedules*

*December 31, 2020*

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## **TOWN OF ADDIS, LOUISIANA**

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***Required Supplementary Schedules***

***December 31, 2020***

### **Budgetary Comparison Schedules**

Town of Addis, Louisiana  
Budgetary Comparison Schedule  
General Fund

For the Year Ended December 31, 2020

Notes:

The Original and Final Budgets are prepared using the Modified Accrual Basis of Accounting

**TOWN OF ADDIS, LOUISIANA****Schedule of Revenues and Other Financing****Year Ended December 31, 2020****Sources - Budget and Actual****General Fund**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Taxes and licenses				
Occupational license	\$ 150,000	\$ 150,000	\$ 163,547	\$ 13,547
Building permits	70,000	70,000	63,505	(6,495)
Trailer moving permits	200	200	40	(160)
Bartender permits	100	100	18	(82)
Franchise fees				
Entergy	175,000	175,000	217,005	42,005
Cable television	16,000	16,000	51,960	35,960
Telephone	12,000	12,000	22,901	10,901
Internet	-	-	957	957
Intergovernmental				
Sales tax-parish	1,100,000	1,100,000	1,233,978	133,978
Sales tax-district	1,400,000	1,400,000	1,788,586	388,586
Alcoholic beverage tax	2,300	2,300	3,297	997
Video poker tax	3,700	3,700	3,184	(516)
State of Louisiana - Police Supplemental Pay	-	-	66,020	66,020
Emergency Task Force Grant	500	500	-	(500)
LGAP Grant	25,000	25,000	-	(25,000)
CARES Grant	-	-	116,153	116,153
LADOTD	-	-	203,036	203,036
Charges for services				
Rental-Civic Center	5,000	5,000	250	(4,750)
Highway maintenance	6,860	6,860	6,860	-
Planning and zoning	100	100	-	(100)
Grass mowing-town	100	100	-	(100)
Culvert program	10,000	10,000	1,368	(8,632)
Fines and forfeitures	180,000	180,000	180,825	825
Investment earnings	10,000	10,000	6,994	(3,006)
Sale of fixed assets	1,000	1,000	-	(1,000)
Miscellaneous	21,500	21,500	15,125	(6,375)
Amounts available for appropriation	3,189,360	3,189,360	4,145,609	956,249
Current				
General government	1,074,550	1,074,550	994,421	80,129
Public safety-police	1,416,800	1,416,800	1,539,444	(122,644)
Public works-Streets & sanitation	493,050	493,050	415,597	77,453
Capital Outlay				
General government	900,000	900,000	171,511	728,489
Museum and park	20,000	20,000	-	20,000
Police	75,000	75,000	15,486	59,514
Public Works	695,000	695,000	639,874	55,126
Total Expenditures	4,674,400	4,674,400	3,776,333	898,067
Excess (Deficiency) of Revenue over Expenditures	(1,485,040)	(1,485,040)	369,276	1,854,316

**TOWN OF ADDIS, LOUISIANA***Schedule of Revenues and Other Financing**Year Ended December 31, 2020**Sources - Budget and Actual**General Fund (continued)*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Transfers in/(Out)				
Enterprise Fund-Sewer Fund	-	-	5,880	5,880
Total transfers In/(Out)	-	-	5,880	5,880
<b>Net Change in Fund Balance</b>	<b>(1,485,040)</b>	<b>(1,485,040)</b>	<b>375,156</b>	<b>1,860,196</b>
<b>Beginning Fund Balance</b>			<b>3,799,045</b>	<b>3,799,045</b>
<b>Ending Fund Balance</b>	<b>\$ (1,485,040)</b>	<b>\$ (1,485,040)</b>	<b>\$ 4,174,201</b>	<b>\$ 5,659,241</b>

**TOWN OF ADDIS, LOUISIANA*****Schedule of Employer's Proportionate Share of the Net Pension Liability******Year Ended December 31, 2020***

<b>Fiscal Year*</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>
2020	0.1507%	\$ 1,392,597	\$ 375,652	370.71%	70.94%
2019	0.1389%	\$ 1,261,281	\$ 420,238	339.26%	71.01%
2018	0.1506%	\$ 1,273,528	\$ 444,562	311.95%	71.39%
2017	0.1566%	\$ 1,367,752	\$ 467,694	292.45%	70.08%
2016	0.1689%	\$ 1,575,130	\$ 470,755	334.60%	66.04%
2015	0.1669%	\$ 1,307,456	\$ 452,032	289.24%	70.73%
2014	0.1678%	\$ 1,049,965	\$ 455,470	230.52%	75.10%
2013	0.1500%	\$ 1,198,368	\$ 350,076	342.32%	66.71%

**MPERS:**

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

\* The amounts presented have a measurement date of June 30 of the current fiscal year end.

**TOWN OF ADDIS, LOUISIANA*****Schedule of Employer's Pension Contributions******Year Ended December 31, 2020***

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
<b><u>MPERS:</u></b>					
2020	\$ 159,722	\$ 159,722	\$ -	\$ 482,195	33.12%
2019	\$ 141,691	\$ 141,691	\$ -	\$ 375,652	37.72%
2018	\$ 136,836	\$ 136,836	\$ -	\$ 424,487	32.24%
2017	\$ 148,493	\$ 148,493	\$ -	\$ 463,795	32.02%
2016	\$ 138,872	\$ 138,872	\$ -	\$ 470,259	29.53%
2015	\$ 140,570	\$ 140,570	\$ -	\$ 465,948	31.50%
2014	\$ 137,021	\$ 137,021	\$ -	\$ 438,494	31.00%
2013	\$ 127,192	\$ 127,192	\$ -	\$ 355,615	31.00%

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## **TOWN OF ADDIS, LOUISIANA**

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### ***Notes to Required Supplementary Schedules Schedule of Employer's Proportionate Share of the Net Pension Liability and Schedule of Employer's Pension Contributions***

***December 31, 2020***

#### ***Changes of Benefit Terms***

There were no changes in benefit terms.

#### ***Changes of Assumptions***

There were no changes in actuarial assumptions.

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**TOWN OF ADDIS, LOUISIANA**

*Other Supplementary Information*

*December 31, 2020*

**TOWN OF ADDIS, LOUISIANA*****Schedule of Compensation Paid to Mayor******Year Ended December 31, 2020*****Agency Head Name: Mayor David Toups****Purpose**

Salary	\$ 83,913
Benefits - insurance	31,906
Benefits - retirement	18,292
Social security and medicare employer contributions	8,186
Car allowance	4,800
	<u>\$ 147,097</u>

**TOWN OF ADDIS, LOUISIANA***Schedule of Compensation Paid to Town Council**Year Ended December 31, 2020***Council Member**

Kevin Leblanc	\$ 9,100
Rhonda L. Kelly	9,100
Russell L Parrish	9,100
Tate G. Acosta	9,100
Wilson E Cazes	9,100
	<u>\$ 45,500</u>

**TOWN OF ADDIS, LOUISIANA**

*Justice System Funding Schedule - Collecting/Disbursing Entity*  
*As Required by Act 87 of the 2020 Regular Legislative Session*

*Year Ended December 31, 2020*

	First Six Month Period Ended 6/30/2020	Second Six Month Period Ended 12/31/2020
<b>Beginning Balance of Amounts Collected</b>	\$ -	\$ 8,693
<b>Add: Collections</b>		
Bond Fees	300	-
Criminal Court Costs/Fees	4,368	2,769
Criminal Fines - Contempt	101,303	71,497
Service/Collection Fees	13,148	10,949
<b>Subtotal Collections</b>	<b>119,119</b>	<b>85,215</b>
<b>Less: Disbursements to Governments and Non-Profits</b>		
Trial Court Case Management Information	1,785	1,269
Crime Victims Reparation Fund	45	38
Law Training & Assistance Fund	1,190	846
Louisiana Traumatization Head & Spinal Cord Injury Trust Fund	630	305
Louisiana Judicial College Form A	298	212
<b>Less: Amounts Retained by Collecting Agency</b>		
Town of Addis, Criminal Fines	101,303	71,497
Town of Addis, Court Fines	4,368	2,769
<b>Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies</b>		
Bond Fee Refunds	25	-
Payments to 3rd Party Collection/Processing Agencies	782	407
<b>Subtotal Disbursements/Retainage</b>	<b>110,426</b>	<b>77,343</b>
<b>Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<b>\$ 8,693</b>	<b>\$ 16,565</b>

**TOWN OF ADDIS, LOUISIANA***Justice System Funding Schedule - Receiving Entity**Year Ended December 31, 2020**As Required by Act 87 of the 2020 Regular Legislative Session*

	First Six Month Period Ended 6/30/2020	Second Six Month Period Ended 12/31/2020
<b>Receipts From:</b>		
Bond Fees	\$ 275	\$ -
DMV - Reinstatement Court Fee	638	725
<b>Subtotal Receipts</b>	<b>\$ 913</b>	<b>\$ 725</b>

**TOWN OF ADDIS, LOUISIANA***Schedule of Insurance in Force**Year Ended December 31, 2020*

EMC Insurance	Fidelity Bond - Government Theft & Forgery	\$100,000 employee faithful performance bond	9/1/20-9/1/21
Louisiana Municipal Risk Management Agency	Workers Compensation	Statutory	1/1/20-12/31/20
EMC Insurance Co	Business Protection - Property & Inland Marine	Buildings, lift stations, EDP equipment	12/12/20-12/12/21
EMC Insurance Co	Crime	Theft; Forgery or Alteration	9/1/20-9/1/21
Louisiana Municipal Risk Management Agency	Auto & Commercial General liability, Errors and Omissions, Law Enforcement Officer	All risks \$500,000 Combined Single Limit; Comprehensive ACV with a \$1,000 deductible	5/1/20-5/1/21
Assurant	Flood insurance- 7833 Ray Rivet Drive	Building-\$60,100 Contents \$9,600	5/14/20-5/14/21
Assurant	Flood insurance- Town Hall	Building-\$100,000 Contents \$50,000	6/21/20-6/21/21

**TOWN OF ADDIS, LOUISIANA*****Schedule of Statistical Data******Year Ended December 31, 2020***

Number of sewer customers for the year ended December 31, 2020	3,075
User fee in effect at December 31, 2020:	
Residential:	
First 4,000 gallons of water used	24.00
Every 1,000 gallons of water in excess of 4,000 gallons	3.25
Commercial:	
First 4,000 gallons of water used	38.00
Every 1,000 gallons of water in excess of 4,000 gallons	3.00
Total sewer revenue	\$ 1,989,857
Average monthly bill per user	\$ 53.93

**TOWN OF ADDIS, LOUISIANA*****Schedule of Debt Service Coverage Ratio******Year Ended December 31, 2020***

Net operating income	\$ 914,952
Depreciation	302,039
Total net revenues	<u>1,216,991</u>
Interest (largest payment year)	25,662
Principal (largest payment year)	225,000
Total required deposit	<u>250,662</u>
Debt Service Coverage Ratio	<u><u>4.86</u></u>

# BAXLEY AND ASSOCIATES, LLC

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Margaret A. Pritchard, CPA/CGMA  
Matthew L. Berthelot, CPA

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Staci H. Joffrion, CPA/CGMA

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Hugh F. Baxley, CPA/CGMA – Retired

To the Honorable David Toups, Mayor  
and the Council Members  
Town of Addis  
Addis, Louisiana

## **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***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Addis, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Addis, Louisiana's basic financial statements, and have issued our report thereon dated August 30, 2021.

### **Internal Control over Financial Reporting**

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

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

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

**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* (continued)**

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
August 30, 2021

**TOWN OF ADDIS, LOUISIANA**

***Schedule of Findings and Responses***

***December 31, 2020***

**Section I-Summary of Audit Results**

***Financial Statements***

Type of auditor's report issued: Unmodified

Report on Internal Control and Compliance Material to the Financial Statements

- Material Weaknesses   ☐ Yes   ☒ No                      Significant deficiencies   ☐ Yes   ☒ None noted
- Noncompliance Material to the Financial Statements   ☐ Yes   ☒ No

***Federal Awards***

N/A – Federal awards below \$750,000 threshold required by the Uniform Guidance

***Management Letter***

No management letter issued.

**Section II-Financial Statement Findings**

None.

**Section III-Independent Auditor's Comment on Resolution of Prior Audit Findings Internal Control Findings**

No prior year findings reported.