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Release Date DEC 01 1999

Town of Lutchier

1999 Financial Statements



Postlethwaite & Netterville

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

BATON ROUGE • DONALDSONVILLE • GONZALES • NEW ORLEANS • ST. FRANCISVILLE
LOUISIANA

TOWN OF LUTCHER, LOUISIANA

FINANCIAL REPORT

APRIL 30, 1999



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108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Litcher, Louisiana, as of and for the year ended April 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Town of Litcher, Louisiana's, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Litcher, Louisiana, as of April 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year ended April 30, 1999, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 1999, on our consideration of the Town of Litcher, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The year 2000 supplementary information on page 48 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Town of Litcher is or will become year 2000 compliant, that the Town's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town does business are or will become year 2000 compliant.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Litcher, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of the Town of Litcher, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole, except for that information relating to the number of customers serviced by the water and sewer systems. This information was furnished to us from the Town, and we express no opinion on it.

Robert H. Hester ? *Ne Hester* 1620

Donaldsonville, Louisiana
July 9, 1999





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

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

We have audited the general purpose financial statements of the Town of Litcher, Louisiana, as of and for the year ended April 30, 1999, and have issued our report thereon dated July 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Litcher's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 99-4 and 99-5.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Litcher's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1, 99-2, and 99-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-3, to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Town of Litcher in a separate letter dated July 9, 1999.

This report is intended solely for the information and use of the Board of Aldermen, management of the Town of Litcher, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Robert L. ...

Donaldsonville, Louisiana
July 9, 1999



TOWN OF LUTCHER, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET
April 30, 1999

	<u>Governmental Fund Type</u>	
	<u>General</u>	<u>Debt Service</u>
<u>ASSETS</u>		
Cash	\$ 118,107	\$ -
Certificates of deposit	100,000	51,485
Receivables:		
Taxes	25,254	4,743
Interest	451	185
Accounts	17,532	-
Intergovernmental	7,406	-
Other	-	-
Prepaid insurance	-	-
Restricted assets:		
Cash	-	104,812
Certificates of deposit	-	-
Investments	-	-
Fixed assets (net)	-	-
Bond issue costs	-	-
Amount to be provided for debt service	-	-
Amount available for debt service	-	-
Total assets	\$ 268,750	\$ 161,225
<u>LIABILITIES</u>		
Accounts payable	\$ 43,206	\$ -
Customer service meter deposits	-	-
Accrued payables	3,978	2,495
Revenue bonds payable - current portion	-	-
Revenue bonds payable - noncurrent portion	-	-
General obligation bonds payable	-	-
Compensated Absences	-	-
Total liabilities	47,184	2,495
<u>FUND EQUITY</u>		
Contributed capital (net)	-	-
Investment in general fixed assets	-	-
Retained earnings:		
Reserved for bond retirement	-	-
Unreserved	-	-
Fund Balance:		
Unreserved - undesignated	221,566	-
Reserved for debt service	-	158,730
Total fund equity	221,566	158,730
Total liabilities and fund equity	\$ 268,750	\$ 161,225

The accompanying notes are an integral part of this statement.



Proprietary Fund Type	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-term Obligations	1999
Enterprise			
\$ 134,307	\$ -	\$ -	\$ 252,414
121,585	-	-	273,070
-	-	-	29,997
-	-	-	636
90,801	-	-	108,333
79,087	-	-	86,493
634	-	-	634
8,862	-	-	8,862
87,980	-	-	192,792
5,500	-	-	5,500
4,650	-	-	4,650
3,128,810	741,140	-	3,869,950
5,346	-	-	5,346
-	-	516,146	516,146
-	-	158,730	158,730
<u>\$ 3,667,562</u>	<u>\$ 741,140</u>	<u>\$ 674,876</u>	<u>\$ 5,513,553</u>
\$ 145,084	\$ -	\$ -	\$ 188,290
57,170	-	-	57,170
19,007	-	-	25,480
16,138	-	-	16,138
310,757	-	-	310,757
-	-	668,000	668,000
-	-	6,876	6,876
<u>548,156</u>	<u>-</u>	<u>674,876</u>	<u>1,272,711</u>
2,508,460	-	-	2,508,460
-	741,140	-	741,140
15,643	-	-	15,643
595,303	-	-	595,303
-	-	-	221,566
-	-	-	158,730
<u>3,119,406</u>	<u>741,140</u>	<u>-</u>	<u>4,240,842</u>
<u>\$ 3,667,562</u>	<u>\$ 741,140</u>	<u>\$ 674,876</u>	<u>\$ 5,513,553</u>



TOWN OF LUTCHER, LOUISIANA
ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED APRIL 30, 1999

	<u>General</u>	<u>Debt Service</u>	<u>Totals Memorandum Only 1999</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 52,805	\$ 91,772	\$ 144,577
Interest	-	3,914	3,914
Taxes	146,672	-	146,672
Commissions	60,077	-	60,077
Garbage fees	170,773	-	170,773
Licenses and permits	84,671	-	84,671
Intergovernmental revenue	52,235	-	52,235
Fines and forfeitures	7,366	-	7,366
Other revenue	20,850	-	20,850
Total revenues	595,449	95,686	691,135
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	159,119	-	159,119
Streets	120,080	-	120,080
Public safety	91,996	-	91,996
Sanitation	173,773	-	173,773
Debt service expenditures:			
Principal retirement	-	35,000	35,000
Interest	-	30,973	30,973
Paying agent fee	-	577	577
Miscellaneous	-	3,249	3,249
Total expenditures	544,968	69,799	614,767
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	50,481	25,887	76,368
<u>FUND BALANCE</u>			
Beginning of year	171,085	132,843	303,928
End of year	\$ 221,566	\$ 158,730	\$ 380,296

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
GENERAL AND DEBT SERVICE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED APRIL 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>REVENUES</u>			
Taxes	\$ 193,000	\$ 199,477	\$ 6,477
Commissions	61,500	60,077	(1,423)
Garbage fees	165,000	170,773	5,773
Licenses	80,000	84,671	4,671
Intergovernmental revenue	49,500	52,235	2,735
Fines and forfeitures	7,000	7,366	366
Interest revenue	-	-	-
Other revenue	24,100	20,850	(3,250)
Total revenues	580,100	595,449	15,349
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	187,130	159,119	28,011
Streets	131,300	120,080	11,220
Public safety	94,750	91,996	2,754
Sanitation	185,000	173,773	11,227
Debt service expenditures:			
Principal retirement	-	-	-
Interest	-	-	-
Paying agent fee	-	-	-
Miscellaneous	-	-	-
Total expenditures	598,180	544,968	53,212
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER EXPENDITURES</u>			
	(18,080)	50,481	68,561
<u>FUND BALANCE</u>			
Beginning of year	171,085	171,085	-
End of year	\$ 153,005	\$ 221,566	\$ 68,561

The accompanying notes are an integral part of this statement.



Debt Service Funds

Budget	Actual	Variance Favorable (Unfavorable)
\$ 92,000	\$ 91,772	\$ (228)
-	-	-
-	-	-
-	-	-
-	-	-
2,500	3,914	1,414
-	-	-
<u>94,500</u>	<u>95,686</u>	<u>1,186</u>
-	-	-
-	-	-
-	-	-
-	-	-
35,000	35,000	-
44,239	30,973	13,266
1,150	577	573
3,249	3,249	-
<u>83,638</u>	<u>69,799</u>	<u>13,839</u>
10,862	25,887	15,025
<u>132,843</u>	<u>132,843</u>	<u>-</u>
<u>\$ 143,705</u>	<u>\$ 158,730</u>	<u>\$ 15,025</u>



TOWN OF LUTCHER, LOUISIANA
PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED APRIL 30, 1999

	1999
<u>OPERATING REVENUES</u>	
Charges for service	
Water sales	\$ 284,204
Sewer service charges	175,406
Use of oxidation pond	84,991
Delinquent charges	12,416
Grant	100,000
Miscellaneous revenues	21,686
Total operating revenues	678,703
<u>OPERATING EXPENSES</u>	
Water department	409,115
Sewer department	112,104
General and administrative	128,553
Depreciation	181,033
Total operating expenses	830,805
<u>LOSS FROM OPERATIONS</u>	(152,102)
<u>NONOPERATING REVENUES</u>	
FEMA revenue	4,449
Interest	11,394
Total nonoperating revenues	15,843
<u>NONOPERATING EXPENSES</u>	
Change in fair value of investments	(194)
Interest expense	20,845
Total nonoperating expenses	20,651
<u>NET LOSS</u>	(156,910)
Add back depreciation on assets acquired with capital grants	125,584
Decrease in Retained Earnings	(31,326)
<u>RETAINED EARNINGS</u>	
Balance at beginning of year, as previously stated	190,149
Prior period adjustment	452,123
Balance at beginning of year, restated	642,272
End of year	\$ 610,946

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
PROPRIETARY FUND

STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 1999

	<u>1999</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Operating loss	\$ (152,102)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -	
Depreciation	181,033
Bad debt provision	2,065
Changes in assets and liabilities -	
Increase in receivables	(84,725)
Decrease in inventory	12,000
Decrease in prepaid expenses	10,653
Decrease in other assets	399
Increase in accounts payable and other liabilities	132,820
Net cash provided by operating activities	<u>102,143</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition of capital assets	(538,750)
Principal payments on long-term debt	(15,181)
Interest paid on long-term debt	(20,929)
FEMA revenue	4,449
Grant Income	533,884
Net cash used in capital and related financing activities	<u>(36,527)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchases of certificates of deposit	(9,278)
Purchase/maturities of investments	35,069
Interest and dividends from investments	11,381
Increase in fair value of investments	(194)
Net cash provided by investing activities	<u>36,978</u>
Net increase in cash and cash equivalents	102,594
Cash and cash equivalents - beginning of year	<u>119,693</u>
Cash and cash equivalents - end of year	<u>\$ 222,287</u>

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

The accounting and reporting practices of the Town of Lutchet conform to generally accepted accounting principles as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

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

Financial Reporting Entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:



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TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

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

Fixed Assets and Long-term Obligations

The accounting and reporting treatment applied to fixed assets and long-term liabilities is determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental funds when purchased. The Town has not capitalized public domain ("infrastructure") fixed assets which consist of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. These assets are immovable and of value only to the Town; therefore, the need for cumulative accountability is not significant. No depreciation has been provided on general fixed assets, nor has interest been capitalized.



TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Fixed Assets and Long-term Obligations (continued)

Long-term obligations expected to be financed from governmental fund resources are accounted for in the General Long-term Obligation Account Group.

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

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

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

All fixed assets are stated at historical cost.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property and sales taxes, interest revenue, and various intergovernmental revenues are susceptible to accrual. Fines, licenses, and permits are not susceptible to accrual because they are generally not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is the principal and interest on long-term debt which is recognized when due.

The proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.



TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Budgets and Budgetary Accounting

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

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

The level of budgetary control is total appropriations. Budgeted amounts for the year ended April 30, 1999, are as amended.



TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, certificates of deposit, and federal obligations are stated at market value.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in obligations of the U.S. Treasury and U.S. agencies, demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Accounts Receivable

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

Accumulated Unpaid Vacation

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources of the general fund are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Operating Transfers In and Out

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

Comparative Data

Comparative total data for the prior year is generally presented in the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. However, since its inclusion would make the statements unduly complex and difficult to read, comparative data (i.e., presentation of prior year totals by fund type) has not been presented in the statements.

Total Columns on Combined Statements

Total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Since interfund eliminations have not been made in the aggregation of this data, such data is not comparable to a consolidation.



TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

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

Statements of Cash Flows

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

Encumbrances

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

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from individuals or other funds. Reserves represent those portions of fund equity not appropriable for expenditures.

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

2. **Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>04/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>04/30/99</u>
Land	\$ 4,085	\$ -	\$ -	\$ 4,085
Lutcher Park	346,594	-	-	346,594
Buildings	254,819	-	-	254,819
Equipment	123,384	4,258	-	127,642
Assets under capital lease	8,000	-	-	8,000
	<u>\$ 736,882</u>	<u>\$ 4,258</u>	<u>\$ -</u>	<u>\$ 741,140</u>

A summary of proprietary fund type property, plant, and equipment at April 30, 1999 follows:

Land	\$ 49,295
Plant and equipment	<u>5,447,599</u>
	5,496,894
Less: Accumulated depreciation	<u>(2,368,084)</u>
	<u>\$ 3,128,810</u>



TOWN OF LUTCHER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Fixed Assets (continued)

In accordance with Financial Accounting Standards Board Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, the Town capitalizes interest in connection with construction-in-progress for Proprietary Fund types. No interest was capitalized during the year ended April 30, 1999.

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended April 30, 1999:

	Balance 04/30/98	Additions	Retirements	Balance 04/30/99
General Obligation Bonds, Series 1990	\$ 50,000	\$ -	(\$ 15,000)	\$ 35,000
General Obligation Bonds, Series 1992	80,000	-	(15,000)	65,000
General Obligation Refunding Bonds, Series 1998	573,000	-	(5,000)	568,000
Sewer Revenue Bonds	342,076	-	(15,181)	326,895
	\$ 1,045,076	\$ -	(\$ 50,181)	\$ 994,895

Bonds payable at April 30, 1999 were comprised of the following individual issues:

General Long-Term Debt

\$400,000 of General Obligation Bonds, Series 1990; due in various semi-annual installments, including variable interest rates, through November 1, 2000. \$ 35,000

\$400,000 of General Obligation Bonds, Series 1992; due in various semi-annual installments, including interest rates through October 1, 2002. 65,000

\$573,000 of General Obligation Refunding Bonds, Series 1998; due in various semi-annual installments, including interest at 4.89%, through October 1, 2012. 568,000

\$ 668,000

Sewer Fund

\$400,000 of Sewer Revenue Bonds; due in monthly installments of \$2,976, including interest at 6.125%, through October 5, 2012. \$ 326,895



TOWN OF LUTCHER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

The annual requirements to amortize all debt outstanding as of April 30, 1999, including interest payments of \$393,768, are as follows:

<u>Year ending</u> <u>April 30, _____</u>	<u>Amount</u>
2000	\$ 103,930
2001	107,630
2002	104,057
2003	106,774
2004	104,453
Thereafter	<u>861,819</u>
	<u>\$ 1,388,663</u>

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

4. Ad Valorem Taxes

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

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended April 30, 1999, taxes of 7 mills were levied on property with assessed valuations totaling \$9,581,428 for general purposes. Additional taxes of 12.25 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended April 30, 1999 totaled approximately \$145,946.



TOWN OF LUTCHER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Defined Benefit Pension Plan

Substantially all employees of the Town of Latcher are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which have separate assets and benefit provisions. All employees of the Town of Latcher are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with a least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary, and the Town of Latcher is required to contribute at an actuarially determined rate. The rate currently being paid by the Town is 3.75 percent of annual covered payroll. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Latcher are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Latcher's contributions to the System under Plan B during the year ending April 30, 1999, 1998, and 1997 were \$9,650, \$7,520, and \$8,910, respectively. These amounts were equal to the required contributions for each year.



TOWN OF LUTCHER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended April 30, 1999 for these services are as follows:

	<u>Enterprise Funds</u>
Operating revenues	\$ 804,287
Operating expenses	\$ 830,805
Depreciation	\$ 181,033
Loss from operations	\$ (26,518)
Net loss	\$ (31,326)
Acquisition of capital assets	\$ 538,750
Total assets	\$ 3,667,562
Outstanding revenue bonds	\$ 326,895
Total equity	\$ 3,119,406

7. Restricted Assets

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

As of April 30, 1999, the Town was in compliance with all related debt covenants.

8. Due from Other Governmental Agencies

Amounts due from other governmental agencies at April 30, 1999, consisted of the following:

State of Louisiana, Department of Revenue, Beverage and Tobacco Division	\$ 5,458
Louisiana State Treasurer's office	1,948
State of Louisiana, Division of Administration, Office of Community Development	79,087
	<u>\$ 86,493</u>



TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

9. **Cash and Certificates of Deposit**

At April 30, 1999, the carrying amounts of the Town's deposits were as follows:

Petty cash		\$ 250
Demand deposit accounts / savings accounts		<u>444,956</u>
Total		445,206
Certificates of deposit		<u>278,570</u>
Total Deposits		\$ <u>723,776</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. At April 30, 1999, the Town had \$750,803 in deposits (collected bank balances). Of these bank balances, \$365,000 was covered by federal depository insurance, \$42,648 was covered by securities investor protection corporation insurance, and \$343,155 was collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

10. **Investments**

At April 30, the investments of the Town consisted of a Federal Home Loan Mortgage Corporation Note. The security is held by the Town's agent in the name of the Town.

Investment Income at April 30, consisted of the following:

		<u>1999</u>
Interest Income		\$ 1,406
Changes in Market Value		<u>194</u>
		\$ <u>1,600</u>

11. **Subsequent Events**

Subsequent to year end, the Town received another Louisiana Community Development Block Grant totaling \$598,400 to be used for improvements to the water plant and the water intake structure on the river.



TOWN OF LUTCHER, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

12. Prior Period Adjustment

In prior years, depreciation expense on certain assets was being recorded as a reduction of unreserved retained earnings instead of contributed capital. Therefore, an adjustment was made to increase unreserved retained earnings and decrease contributed capital in the amount of \$452,123.



FINANCIAL STATEMENTS OF

INDIVIDUAL FUNDS AND ACCOUNT GROUPS



GENERAL FUND

To account for resources traditionally associated
with governments which are not required to be
accounted for in other funds.



TOWN OF LUTCHER, LOUISIANA

GENERAL FUND

BALANCE SHEET

April 30, 1999

ASSETS

	<u>1999</u>
Cash	\$ 118,107
Investments	100,000
Receivables:	
Taxes	25,254
Interest	451
Accounts	17,532
Intergovernmental	<u>7,406</u>
Total assets	<u><u>\$ 268,750</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 43,206
Other current liabilities	3,978
Total liabilities	<u>47,184</u>
Fund balance	<u>221,566</u>
Total liabilities and fund balance	<u><u>\$ 268,750</u></u>

The accompanying notes are an integral part of these statements.



TOWN OF LUTCHER, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED APRIL 30, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>REVENUES</u>			
Taxes	\$ 193,000	\$ 199,477	\$ 6,477
Commissions	61,500	60,077	(1,423)
Garbage fees	165,000	170,773	5,773
Licenses	80,000	84,671	4,671
Intergovernmental revenues:			
Tobacco	20,000	19,978	(22)
Beer	2,500	2,258	(242)
Video poker	15,000	18,433	3,433
Police	-	250	250
Grant	12,000	10,322	(1,678)
FEMA revenue	-	994	994
Fines	7,000	7,366	366
Other	24,100	20,850	(3,250)
Total revenues	<u>580,100</u>	<u>595,449</u>	<u>15,349</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	187,130	159,119	28,011
Streets	131,300	120,080	11,220
Public safety	94,750	91,996	2,754
Sanitation	185,000	173,773	11,227
Total expenditures	<u>598,180</u>	<u>544,968</u>	<u>53,212</u>
<u>EXCESS (DEFICIENCY) OF</u>			
<u>REVENUES OVER EXPENDITURES</u>	(18,080)	50,481	68,561
<u>FUND BALANCE</u>			
Beginning of year	<u>171,085</u>	<u>171,085</u>	<u>-</u>
End of year	<u>\$ 153,005</u>	<u>\$ 221,566</u>	<u>\$ 68,561</u>

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
GENERAL FUND

SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED APRIL 30, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>GENERAL GOVERNMENT</u>			
Salaries	\$ 55,180	\$ 59,274	\$ (4,094)
Planning and zoning	2,100	1,600	500
Professional fees	11,100	7,112	3,988
Electricity	6,000	6,100	(100)
Insurance	49,500	31,890	17,610
Supplies and maintenance	12,500	12,776	(276)
Miscellaneous	5,000	4,676	324
Retirement	4,500	3,458	1,042
Office expenses	18,250	12,946	5,304
Payroll taxes	12,500	10,185	2,315
Per diem	1,500	593	907
Capital outlay	-	1,343	(1,343)
Uncollectible accounts	-	-	-
Dues and subscriptions	2,000	1,972	28
Education and conventions	3,000	1,228	1,772
Telephone	4,000	3,966	34.00
Total general government	187,130	159,119	28,011
<u>STREETS</u>			
Salaries	40,000	39,426	574
Miscellaneous	1,000	(67)	1,067
Gasoline, oil, and diesel	2,500	655	1,845
Street drainage and ditching	7,000	4,774	2,226
Street signs	3,000	1,696	1,304
Truck and tractor expense	12,000	8,368	3,632
Supplies and maintenance	20,000	17,751	2,249
Electricity	45,000	47,106	(2,106)
Uniforms	800	371	429
Total streets	131,300	120,080	11,220

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
GENERAL FUND

SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED APRIL 30, 1999

	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>PUBLIC SAFETY</u>			
Salaries	\$ 70,000	\$ 69,034	\$ 966
Gasoline and oil	3,500	3,883	(383)
Uniforms	600	715	(115)
Telephone	2,000	2,002	(2)
Vehicle expenses	10,000	7,772	2,228
Supplies and maintenance	7,150	3,717	3,433
Miscellaneous	1,500	1,958	(458)
Capital outlay	-	2,915	(2,915)
Total public safety	<u>94,750</u>	<u>91,996</u>	<u>2,754</u>
<u>SANITATION</u>			
Solid waste disposal	<u>185,000</u>	<u>173,773</u>	<u>11,227</u>
Total sanitation	<u>185,000</u>	<u>173,773</u>	<u>11,227</u>
 Total all departments	 <u><u>598,180</u></u>	 <u><u>544,968</u></u>	 <u><u>53,212</u></u>

The accompanying notes are an integral part of this statement.



DEBT SERVICE FUNDS

To account for accumulation of funds and payments
of principal and interest on specified bond issues.



TOWN OF LUTCHER, LOUISIANA
DEBT SERVICE FUND

BALANCE SHEET

April 30, 1999

ASSETS

	<u>1999</u>
<u>CURRENT ASSETS</u>	
Investments	\$ 51,485
Property taxes receivable	4,743
Accrued interest receivable	185
Total current assets	<u>56,413</u>
<u>RESTRICTED ASSETS</u>	
Cash	<u>104,812</u>
Total assets	<u><u>\$ 161,225</u></u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	
Deferred property tax revenue	\$ 2,495
Total liabilities	<u>2,495</u>
<u>FUND BALANCE</u>	
Reserved for debt service	<u>158,730</u>
Total fund balance	<u>158,730</u>
Total liabilities and fund balance	<u><u>\$ 161,225</u></u>

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED APRIL 30, 1999

	<u>1999</u>
<u>REVENUES</u>	
Ad valorem taxes	\$ 91,772
Interest revenues	3,914
Total revenues	<u>95,686</u>
<u>EXPENDITURES</u>	
Principal retirement	35,000
Interest	30,973
Paying agent fee	577
Miscellaneous	3,249
Total expenditures	<u>69,799</u>
<u>EXCESS OF REVENUES OVER</u> <u>EXPENDITURES</u>	25,887
<u>FUND BALANCE</u>	
Beginning of year	<u>132,843</u>
End of year	<u><u>\$ 158,730</u></u>

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED APRIL 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Ad valorem taxes	\$ 92,000	\$ 91,772	\$ (228)
Interest revenues	2,500	3,914	1,414
Total revenues	94,500	95,686	1,186
<u>EXPENDITURES</u>			
Principal retirement	35,000	35,000	-
Interest	44,239	30,973	13,266
Paying Agent Fee	1,150	577	573
Miscellaneous	3,249	3,249	-
Total expenditures	83,638	69,799	13,839
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	10,862	25,887	15,025
<u>FUND BALANCE</u>			
Beginning of year	143,000	132,843	(10,157)
End of year	\$ 153,862	\$ 158,730	\$ 4,868

The accompanying notes are an integral part of this statement.



ENTERPRISE FUND

To account for the provision of water and sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing, and collection.



TOWN OF LUTCHER, LOUISIANA
ENTERPRISE FUND

BALANCE SHEET
April 30, 1999

ASSETS

	<u>1999</u>
<u>CURRENT ASSETS</u>	
Cash	\$ 134,307
Investments	121,585
Accounts receivable (net of allowance for doubtful accounts of \$4,149)	90,801
Intergovernmental receivables	79,087
Other receivables	634
Prepaid insurance	8,862
Total current assets	<u>435,276</u>
<u>RESTRICTED ASSETS</u>	
Cash	87,980
Certificates of deposit	5,500
Investments	4,650
Total restricted assets	<u>98,130</u>
<u>PROPERTY, PLANT, AND EQUIPMENT</u>	
Land and improvements	49,295
Plant and equipment	5,447,599
	<u>5,496,894</u>
Less: Allowance for depreciation	<u>(2,368,084)</u>
Net property, plant, and equipment	<u>3,128,810</u>
<u>OTHER ASSET</u>	
Bond issue costs (net of amortization of \$2,623)	5,346
	<u>5,346</u>
Total assets	<u><u>\$ 3,667,562</u></u>

The accompanying notes are an integral part of this statement.



LIABILITIES AND CAPITAL

	<u>1999</u>
<u>CURRENT LIABILITIES</u>	
Accounts payable	\$ 145,084
Customer meter deposits	57,170
Accrued payables	19,007
Revenue bonds payable	16,138
Total current liabilities	<u>237,399</u>
<u>LONG-TERM LIABILITIES</u>	
Revenue bonds payable - due after one year	<u>310,757</u>
Total long-term liabilities	<u>310,757</u>
Total liabilities	<u>548,156</u>
<u>CAPITAL CONTRIBUTIONS</u>	<u>2,508,460</u>
<u>RETAINED EARNINGS</u>	
Reserved for bond retirement	15,643
Unreserved	595,303
Total retained earnings	<u>610,946</u>
Total capital	<u>3,119,406</u>
 Total liabilities and capital	 <u><u>\$ 3,667,562</u></u>



TOWN OF LUTCHER, LOUISIANA
ENTERPRISE FUND

STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED APRIL 30, 1999

	1999
<u>OPERATING REVENUES</u>	
Charges for service	
Water sales	\$ 284,204
Sewer service charges	175,406
Use of oxidation pond	84,991
Delinquent Charges	12,416
Grant	100,000
Miscellaneous revenues	21,686
Total operating revenues	678,703
<u>OPERATING EXPENSES</u>	
Water department	409,115
Sewer department	112,104
General and administrative	128,553
Depreciation	181,033
Total operating expenses	830,805
<u>LOSS FROM OPERATIONS</u>	(152,102)
<u>NONOPERATING REVENUES</u>	
FEMA revenue	4,449
Interest	11,394
Total nonoperating revenues	15,843
<u>NONOPERATING EXPENSES</u>	
Change in fair value of investments	(194)
Interest expense	20,845
Total nonoperating expenses	20,651
<u>NET LOSS</u>	(156,910)
Add back depreciation on assets acquired with capital grants	125,584
Decrease in Retained Earnings	(31,326)
<u>RETAINED EARNINGS</u>	
Balance at beginning of year, as previously stated	190,149
Prior period adjustment	452,123
Balance at beginning of year, restated	642,272
End of year	\$ 610,946

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
ENTERPRISE FUND

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
YEAR ENDED APRIL 30, 1999

	<u>1999</u>
<u>WATER DEPARTMENT</u>	
Salaries	\$ 134,331
Analysis	2,393
Electricity and telephone	17,629
Gasoline, oil, and diesel	831
Insurance	43,775
Materials, supplies, and repairs	190,418
Truck and tractor expense	2,460
Treatment expense	14,525
Other	2,753
	<u>409,115</u>
<u>SEWER DEPARTMENT</u>	
Salaries	26,664
Analysis	9,074
Electricity and telephone	45,031
Gasoline, oil, and diesel	981
Insurance	3,472
Materials, supplies, and repairs	21,140
Truck and tractor expense	660
Treatment expense	5,082
Other	-
	<u>112,104</u>
<u>GENERAL & ADMINISTRATIVE</u>	
Salaries	40,507
Computer expense	1,974
Insurance	38,285
Office supplies	5,369
Professional services	14,379
Payroll taxes	13,965
Retirement	6,192
Uniforms	610
Other	7,272
	<u>128,553</u>
Depreciation	<u>181,033</u>
Total operating expenses	<u><u>830,805</u></u>

The accompanying notes are an integral part of this statement.



TOWN OF LUTCHER, LOUISIANA
ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 1999

	<u>1999</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Operating loss	\$ (152,102)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -	
Depreciation	181,033
Bad debt provision	2,065
Changes in assets and liabilities -	
Increase in receivables	(84,725)
Decrease in inventory	12,000
Decrease in prepaid expenses	10,653
Decrease in other assets	399
Increase in accounts payable and other liabilities	132,820
Net cash provided by operating activities	<u>102,143</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition of capital assets	(538,750)
Principal payments on long-term debt	(15,181)
Interest paid on long-term debt	(20,929)
FEMA revenue	4,449
Grant Income	533,884
Net cash used in capital and related financing activities	<u>(36,527)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchases of certificates of deposit	(9,278)
Purchase/maturities of investments	35,069
Interest and dividends from investments	11,381
Increase in fair value of investments	(194)
Net cash provided by investing activities	<u>36,978</u>
Net increase in cash and cash equivalents	102,594
Cash and cash equivalents - beginning of year	<u>119,693</u>
Cash and cash equivalents - end of year	<u>\$ 222,287</u>

The accompanying notes are an integral part of this statement.





Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and
Board of Alderman
Town of Lutcher, Louisiana

Compliance

We have audited the compliance of Town of Lutcher, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 1999. The Town of Lutcher's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Lutcher's management. Our responsibility is to express an opinion on the Town of Lutcher's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Lutcher's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Lutcher's compliance with those requirements.

In our opinion, the Town of Lutcher, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 1999.

Internal Control Over Compliance

The management of the Town of Lutcher is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Lutcher's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Alderman, management of the Town of Lusher, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Postlethwaite & Neville

Donaldsonville, Louisiana
July 9, 1999



TOWN OF LUTCHER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of Town of Litcher, Louisiana.
2. Three reportable conditions disclosed during the audit of the financial statements are reported in Part B of this Schedule. One of the conditions is reported as a material weakness.
3. Material instances of noncompliance relative to the financial statements of Town of Litcher are reported in Part B of this Schedule.
4. The auditors' report on compliance for the major federal award program for Town of Litcher expresses an unqualified opinion on all major federal programs.
5. The program tested as a major program is the Louisiana Community Development Block Grant -- CFDA Number 14.219.
6. The threshold for distinguishing Types A and B programs was \$300,000.
7. The Town of Litcher was not determined to be a low-risk auditee.

B. FINDINGS -- FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

99-1 Receipt Books

Condition: There is no accounting for the receipt books being issued by the Police Department.

Criteria: The issuance of receipt books by the Police Department should be properly accounted for.

Effect: The Town of Litcher has not properly implemented the recommendations from the prior auditor regarding the receipt books for the Police Department.

Recommendation: All receipt books used by the Police Department should be issued by the Town Clerk, and there should be an accounting (by using numerical sequences) for each receipt.

Response: We will properly issue and account for receipt books used by the Police Department.



TOWN OF LUTCHER, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 1999

99-2 Billing and Revenue Recognition

Condition: One employee manually prepares the bills for the customers who use the sewer pond, receives the payments, and prepares the deposits. Also, the revenue is not recorded until payment is received.

Criteria: There should be proper segregation of duties related to billing, collection and recording of sewer pond revenue. In addition, billing should be computerized and revenue should be recorded when billed.

Effect: The lack of segregation of duties and manual billing could result in the misappropriation of funds. Revenue may not be recognized in the proper period.

Recommendation: Billing should be computerized. Additionally, duties should be properly segregated or reconciliations of billings and deposits should be performed by other personnel. Revenue should be recognized in the period billed.

Response: We concur with the finding.

99-3 Segregation of Duties

Condition: There is a lack of segregation of duties due to the limited number of accounting personnel.

Criteria: Segregation of duties should be adequate to provide effective internal control.

Effect: The segregation of duties is inadequate to provide effective internal control

Recommendation: No action recommended.

Response: We concur with the finding.

COMPLIANCE WITH STATE LAWS AND REGULATIONS

99-4 LA Local Government Budget Act

Condition: The General Fund budget was not properly adopted prior to April 30, 1998.

Criteria: LRS 39.1308A requires all action necessary to adopt the budget for an ensuing fiscal year to be completed prior to the end of the fiscal year in progress..

Effect: A comprehensive budget presenting a complete financial plan for the ensuing fiscal year for the general revenue fund was not adopted timely as required by LRS 39.1308A.

Recommendation: A budget for the general fund for the ensuing fiscal year should be properly adopted prior to the end of the fiscal year in progress.

Response: We will adopt all required budgets on a timely basis.



TOWN OF LUTCHER, LOUSIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED APRIL 30, 1999

99-5 LA Local Government Budget Act

Condition: The Town did not make the budget available for public inspection at least fifteen days prior to the beginning of the fiscal year.

Criteria: LRS 39:1305A requires the proposed budget be made available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

Effect: The proposed budget was not made available for public inspection on a timely basis.

Recommendation: The Town should make the proposed budget available for public inspection at least fifteen days prior to the beginning of each fiscal year.

Response: We will make the budget available for public inspection on a timely basis.



TOWN OF LUTCHIER, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED APRIL 30, 1999

Compliance with State Laws and Regulations

LA Local Government Budget Act

Condition: The Town violated LA R.S. 39:1310(A) such that actual expenditures within a fund exceeded budgeted expenditures by 5 percent or more.

Current Status: No similar findings were noted in the April 30, 1999 audit.

Segregation of Duties

Condition: The Town did not have adequate segregation of duties due to the limited number of account of accounting personnel.

Current Status: Similar findings were noted in the April 30, 1999 audit.



CORRECTIVE ACTION PLAN

July 9, 1999

Louisiana Legislative Auditor

The Town of Lusher respectfully submits the following corrective action plan for the year ended April 30, 1999.

Name and address of independent public accounting firm: Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: May 1, 1998 -- April 30, 1999

The findings from July 9, 1999 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

99-1 Receipt Books

Recommendation: All receipt books used by the Police Department should be issued by the Town Clerk, and there should be an accounting (by using numerical sequences) for each receipt.

Action Taken: We will properly issue and account for receipt books used by the Police Department.

99-2 Billing and Revenue Recognition

Recommendation: Billing should be computerized. Additionally, duties should be properly segregated or reconciliations of billings and deposits should be performed by other personnel. Revenue should be recognized in the period billed.

Action Taken: We will attempt implementation of recommendation.



COMPLIANCE WITH STATE LAWS AND REGULATIONS

99-4 LA Local Government Budget Act

Recommendation: A budget for the general fund for the ensuing fiscal year should be properly adopted prior to the end of the fiscal year in progress.

Action Taken: We will adopt all required budgets on a timely basis.


99-5 LA Local Government Budget Act

Recommendation: The Town should make the proposed budget available for public inspection at least fifteen days prior to the beginning of each fiscal year.

Action Taken: We will make the budget available for public inspection on a timely basis.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Patricia LeMoine at (225) 869-5823.

Sincerely,


Patricia LeMoine
Town Clerk



SUPPORTING SCHEDULES



TOWN OF LUTCHER, LOUISIANA

INSURANCE-IN-FORCE
APRIL 30, 1999

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile Liability	Audubon Indemnity Coregis Insurance	February 17, 2000 May 1, 1999	\$1,000,000
General liability	Coregis Insurance	May 1, 1999	\$2,000,000
Law enforcement liability	Coregis Insurance	May 1, 1999	\$2,000,000
Sewer equipment	Hartford Steamboiler	May 1, 1999	\$400,000
Public officials liability	Coregis Insurance	May 1, 1999	\$1,000,000
Public officials bond	Employer's Mutual	January 4, 2002	\$10,000
Commercial property	Hanover Insurance	February 16, 2000	\$366,338
FHA bond	Employer's Mutual	January 27, 2000	\$70,000
Tractor equipment	Audubon Insurance	March 2, 2000	Various limits totaling \$43,195
Public employce bond	Employer's Mutual	March 23, 2000	\$10,000
Water intake structure	McLelland & Hind	April 10, 2000	\$415,000
Electronic data processing equipment	Audubon Insurance	April 26, 2000	\$19,507



SUPPLEMENTARY INFORMATION



PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 1999

(Without Audit)

Statistics on System Operations

- (a) As of April 30, 1999 the number of metered customers was 1,391 for the water and sewer systems. There were no unmetered customers for either the water or sewer systems at April 30, 1999.
- (b) The following rate schedules were in effect during the fiscal year ended April 30, 1999 for water and sewer services:

(1) Water

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

0 – 2,000 gallons	\$4.00
2,001 – 5,000 gallons	\$2.50 per 1,000 gallons or fraction thereof
5,001 – 10,000 gallons	\$2.00 per 1,000 gallons or fraction thereof
10,001 – 15,000 gallons	\$1.85 per 1,000 gallons or fraction thereof
Over 15,000 gallons	\$1.65 per 1,000 gallons or fraction thereof

(2) Sewer

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

Residences	\$ 6.50 per month
Schools and Nursing Homes	\$160.00 per month
Hospitals	\$105.00 per month
Administrative buildings, banks and savings and loan associations	\$ 58.00 per month
Businesses	\$ 22.00 per month

- (c) Average monthly billing per customer during the year ended April 30, 1999:

1. Water	\$ <u>15.53</u>
2. Sewer	\$ <u>8.87</u>



TOWN OF LUTCHER, LOUISIANA

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES

YEAR ENDED APRIL 30, 1999

	<u>Salaries during the year ended April 30, 1999</u>
Mayor:	
Elmore Trosclair	\$ 3,200
Troas Poche'	1,600
Aldermen:	
Patrick St. Pierre	4,200
Danny Manuel	4,200
Floyd Marshall	4,200
Buddy Whitney	4,200
Troas Poche'	2,800
Tommy George	<u>1,400</u>
	<u>\$ 25,800</u>



TOWN OF LUTCHER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 1999

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Louisiana Division of Administration: Office of Community Development	14.219	-	\$ 533,833
UNITED STATES DEPARTMENT OF JUSTICE Office of Community Oriented Policing Services	16.710	-	10,322
FEDERAL EMERGENCY MANAGEMENT AGENCY	83.544	-	<u>5,443</u>
Total expenditures of federal awards			<u>\$ 549,598</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Litcher and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



TOWN OF LUTCHER, LOUISIANA

YEAR 2000 ISSUES

APRIL 30, 1999

YEAR 2000 ISSUES

The Year 2000 Issue consists of two shortcomings that make computer processing systems unable to read year-date data beyond the year 1999. The first shortcoming is many computer programs contain abbreviated dates which eliminate the first two digits of the year. Therefore, some computer programs may recognize January 1, 2000 as January 1, 1900 and process data incorrectly or stop processing altogether. The second shortcoming is some computers will be unable to detect the year 2000 is a leap year and may not register the additional day and data calculations may be incorrect.

The Town of Litcher has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the operations of the Town. The following systems have been identified as those which may potentially be affected: financial management, and any other systems that are date driven. The Town is currently in the assessment stage regarding software for financial management systems, and will purchase necessary hardware to accommodate software selected. The remaining systems are also being assessed and vendors are being contacted to determine their proposed solutions to the issue. Total cost to the Town for year 2000 compliance for all systems has not yet been determined.

