



**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**



# TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1 - 4
 <u>Required Supplemental Information (Part I)</u>	
Management's Discussion and Analysis.....	5 - 8
 <u>Government-Wide Financial Statements</u>	
Statement of Net Position.....	9
Statement of Activities .....	10 - 11
 <u>Fund Financial Statements</u>	
Governmental Funds	
Balance Sheet.....	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position .....	13
Statement of Revenues, Expenditures and Changes in Fund Balance.....	14 - 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	16
Proprietary Funds	
Statement of Net Position .....	17
Statement of Revenues, Expenditures and Changes in Fund Net Position.....	18
Statement of Cash Flows.....	19 - 20
Notes to Financial Statements .....	21 - 43
 <u>Required Supplemental Information (Part II)</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual)	
General Fund.....	44 - 45
Dedicated 1% Sales Tax .....	46
Schedule of Changes in Net OPEB Liability .....	47
Schedule of Net Pension Liability Data .....	48
Schedule of Employer Contributions.....	49
 <u>Other Supplemental Information</u>	
Schedule of Per Diem Paid to Board Members.....	50
Schedule of Compensation, Benefits and Other Payments to Agency	
Head or Chief Executive Officer .....	51
Justice System Funding Schedule – Receiving Entity .....	52
 <u>Additional Information</u>	
Independent Auditors' Report on Compliance and On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	
	53 - 54
Schedule of Findings .....	55 - 57
Management's Corrective Action Plan .....	58
Summary of Prior Year Findings and Response .....	59



February 24, 2023

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen  
City of Winnfield, Louisiana

**ADVERSE, QUALIFIED, AND UNMODIFIED OPINIONS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winnfield, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Winnfield's basic financial statements as listed in the table of contents.

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Each Major Governmental Fund	Unmodified
Utility Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

**ADVERSE OPINION ON AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Winnfield, as of June 30, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**QUALIFIED OPINION ON THE UTILITY FUND**

In our opinion, except for the effects of the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions Section of our Report, the financial statements referred to above present fairly, in all material respects, the financial position of the Utility Fund of the City of Winnfield as of June 30, 2021 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**UNMODIFIED OPINIONS ON GOVERNMENTAL ACTIVITIES, BUSINESS-TYPE ACTIVITIES, EACH MAJOR GOVERNMENTAL FUND, AND AGGREGATE REMAINING FUND INFORMATION**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major governmental fund, and the aggregate remaining fund information of the City of Winnfield, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**BASIS FOR ADVERSE, QUALIFIED, AND UNMODIFIED OPINIONS**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Winnfield, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified audit opinions.

**MATTERS GIVING RISE TO ADVERSE OPINION ON THE AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS**

The financial statements do not include financial data for the City of Winnfield's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City of Winnfield's primary government unless the City of Winnfield also issues financial statements for the financial reporting entity that include the financial data for its component units. The City of Winnfield has not issued such reporting entity financial statements. The effects of not including the City of Winnfield's legally separate component units on the aggregate discretely presented component units has not been determined.

**MATTERS GIVING RISE TO THE QUALIFIED OPINION ON THE UTILITY FUND**

The City of Winnfield has specific, identifiable revenue streams in the utility fund which are pledged in support of different revenue bonds, called segments. Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. Management has not presented this segment information as a disclosure in the notes to the financial statements. The amount by which this departure would affect the assets, deferred inflows and deferred outflows, liabilities, and net position has not been determined.

**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.

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Changes in Net OPEB Liability
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **SUPPLEMENTARY INFORMATION**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winnfield's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and is not a required part of the basic financial statements:

- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2023, on our consideration of the City of Winnfield'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 City of Winnfield'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 City of Winnfield's internal control over financial reporting and compliance.



Rozier, McKay & Willis  
Certified Public Accountants  
February 24, 2023

# **City of Winnfield**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2021**

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This section of the City of Winnfield's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2021.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the City's utility services. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements.

# **City of Winnfield**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2021**

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### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

A comparative analysis of government-wide financial data is presented as follows:

#### **Net Position**

A condensed version of the government-wide Statement of Net Position is presented as follows:

	<b>For the Year Ended June 30, 2021</b>			<b>For the</b>
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Year Ended June 30, 2020</b>
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 5,138,299	\$ 3,377,185	\$ 8,515,484	\$ 8,212,842
Internal Balances	----	----	----	----
Capital Assets	5,573,258	16,769,856	22,343,114	22,437,619
<b>Total Assets</b>	<b>10,711,557</b>	<b>20,147,041</b>	<b>30,858,598</b>	<b>30,650,461</b>
<b>Deferred Outflow of Resources</b>	<b>1,337,666</b>	<b>311,317</b>	<b>1,648,983</b>	<b>1,292,209</b>
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	251,773	1,986,269	2,238,042	994,178
Long-term Liabilities	3,705,769	8,901,297	12,607,065	12,117,602
<b>Total Liabilities</b>	<b>3,957,541</b>	<b>10,887,566</b>	<b>14,845,107</b>	<b>13,111,780</b>
<b>Deferred Inflow of Resources</b>	<b>573,098</b>	<b>83,210</b>	<b>656,308</b>	<b>816,491</b>
<b><u>Net Position:</u></b>				
Invested in Capital Assets (Net)	5,243,411	9,331,271	14,574,682	14,538,413
Restricted	419	1,918,718	1,919,137	1,686,538
Unrestricted	2,274,754	(1,762,407)	512,347	1,789,448
<b>Total Net Position</b>	<b>\$ 7,518,584</b>	<b>\$ 9,487,582</b>	<b>\$ 17,006,166</b>	<b>\$ 18,014,399</b>

As the presentation appearing above demonstrates, most of the City's net position is invested in capital assets (84.05%). Net position invested in capital assets consists of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. An additional portion of the City's net position (10.49%) represents resources that are subject to restrictions that are imposed by agreements with the City's bondholders. The remainder of the City's net position is unrestricted (5.46%).

#### **Changes in Net Position**

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:



# **City of Winnfield**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2021**

	<b>For the Year Ended June 30, 2021</b>			<b>For the</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Year Ended June 30, 2020</b>
<b>Revenues:</b>				
Program Revenue:				
Charges for Services	\$ 216,401	\$ 7,974,011	\$ 8,190,412	\$ 8,147,918
Operating Grants and Contributions	141,861	----	141,861	124,640
Capital Grants and Contributions	25,000	143,915	168,915	----
General Revenue:				
Property Taxes	170,981	----	170,981	207,387
Sales Taxes	2,481,022	----	2,481,022	2,350,533
Hotel Motel Tax	71,076	----	71,076	51,272
Franchise Fees	56,023	----	56,023	39,489
Occupational Licenses	252,211	----	252,211	241,257
Other	172,382	2,442	174,824	204,936
<b>Total Revenue</b>	<b>3,586,957</b>	<b>8,120,368</b>	<b>11,707,325</b>	<b>11,367,432</b>
<b>Program Expenses:</b>				
General Government	1,641,820	----	1,641,820	1,413,518
Public Safety				
Police Department	1,563,964	----	1,563,964	1,446,177
Fire Department	800,880	----	800,880	640,812
Public Works	1,171,763	----	1,171,763	898,069
Health & Welfare	70,980	----	70,980	16,605
Culture and Recreation	360,716	----	360,716	421,726
Utility Service	----	5,600,716	5,600,716	5,461,762
Other	12,263	258,285	270,548	297,701
<b>Total Expenses</b>	<b>5,622,386</b>	<b>5,859,001</b>	<b>11,481,387</b>	<b>10,596,370</b>
Increase in Net Position Before Transfers and Special Items	(2,035,429)	2,261,367	225,938	771,062
Special Items	(28,770)	(1,205,401)	(1,234,171)	----
Transfers	2,620,930	(2,620,930)	----	----
<b>Change in Net Position</b>	<b>556,731</b>	<b>(1,564,964)</b>	<b>(1,008,233)</b>	<b>771,062</b>
<b>Net Position Beginning</b>				
As Originally Reported	6,961,853	11,052,546	18,014,399	17,359,771
Prior Period Adjustment	----	----	----	(116,434)
<b>As Restated</b>	<b>6,961,853</b>	<b>11,052,546</b>	<b>18,014,399</b>	<b>17,243,337</b>
<b>Net Position Ending</b>	<b>\$ 7,518,584</b>	<b>\$ 9,487,582</b>	<b>\$ 17,006,166</b>	<b>\$ 18,014,399</b>

Governmental activities increased the City's net position by \$556,731. This increase is primarily due to transfers in the current year.

# **City of Winnfield**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2021**

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Business-type activities decreased the City's net position by \$1,564,964 due primarily to expenditures incurred in restoring the City's electrical system after two hurricanes, the effects of recognizing depreciation, and the transfer of resources to support the City's governmental activities.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

An analysis of significant matters affecting the City's funds is presented as follows:

- The City's governmental funds reported a combined fund balance of \$4,886,526 which represents an increase of \$748,356 in comparison to the previous balance.
- The City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$801,888. The general fund balance decreased by \$447,218 in the current year.
- Amounts reported for business-type activities in the City's individual funds are identical to the business-type activities reported in the government-wide presentation.

### **GENERAL FUND BUDGET HIGHLIGHTS**

The City's general fund and sales tax funds are required to adopt an annual budget and the budgets are amended as necessary. In the current year, no budget amendments were adopted. General Fund budget variances for expenditures and other uses were not within the range allowed by Louisiana Revised Statutes.

### **CAPITAL ASSET ADMINISTRATION**

Highlights of the City's capital asset administration are provided as follows:

- Equipment purchases included new vehicles and equipment necessary to replace existing equipment that was retired as a result of ordinary wear.
- The City continued work on the ground storage tank project, and began work on an expansion of the wastewater system.

### **DEBT ADMINISTRATION**

The City's borrowing activities were limited to paying installments due on existing obligations, the assumption of an installment purchase agreement, several leases assumed during the current year, and draws on a revolving loan fund established by the Department of Health.

### **FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS**

At the present time, no events or conditions have been identified that are expected to have a significant influence on future operations.

# **City of Winnfield**

## **STATEMENT OF NET POSITION**

**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 4,919,078	\$ -	\$ 4,919,078
Receivables (Net)	219,221	1,153,620	1,372,841
Restricted Assets			
Cash	-	2,087,788	2,087,788
Investments	-	135,777	135,777
Leased Assets	90,368	-	90,368
Capital Assets			
Non Depreciable Capital Assets	381,134	869,309	1,250,443
Depreciable Capital Assets, Net	5,101,756	15,900,547	21,002,303
<b>Total Assets</b>	<u>10,711,557</u>	<u>20,147,041</u>	<u>30,858,598</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension Funding Deferrals	1,306,040	302,807	1,608,847
OPEB Funding Deferrals	31,626	8,510	40,136
<b>Total Deferred Outflows</b>	<u>1,337,666</u>	<u>311,317</u>	<u>1,648,983</u>
<b><u>LIABILITIES</u></b>			
Cash Overdraft	-	950,008	950,008
Accounts Payable	141,080	487,324	628,404
Accrued Expenses	95,404	28,082	123,486
Retainage Payable	-	36,035	36,035
Accrued Interest Payable from Restricted Assets	-	22,492	22,492
Deposits Due Others	-	462,328	462,328
Other Current Liabilities	15,289	-	15,289
Long-Term Liabilities			
Compensated Absences	151,643	59,524	211,167
Net Other Post Employment Benefits	89,031	87,128	176,159
Net Pension Liability	3,225,615	1,033,705	4,259,320
Long-Term Debt			
Due Within One Year	91,924	282,355	374,279
Due in More than One Year	147,555	7,438,585	7,586,140
<b>Total Liabilities</b>	<u>3,957,541</u>	<u>10,887,566</u>	<u>14,845,107</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension Funding Deferrals	422,035	42,563	464,598
OPEB Funding Deferrals	151,063	40,647	191,710
<b>Total deferred inflows</b>	<u>573,098</u>	<u>83,210</u>	<u>656,308</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets, Net of Related Debt	5,243,411	9,331,271	14,574,682
Restricted:			
Debt Service	-	1,918,718	1,918,718
Capital Projects and Equipment Acquisition	419	-	419
Unrestricted	2,274,754	(1,762,407)	512,347
<b>Total Net Position</b>	<u>\$ 7,518,584</u>	<u>\$ 9,487,582</u>	<u>\$ 17,006,166</u>

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

# **City of Winnfield**

## **STATEMENT OF ACTIVITIES** **Year Ended June 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants &amp; Contributions</u>	
<b><u>Governmental Activities:</u></b>					
General Government					
City Administration	\$ 1,641,820	\$ 500	\$ -	\$ -	\$ (1,641,320)
Public Safety					
Police Department	1,563,964	93,829	90,828	-	(1,379,307)
Fire Department	800,880	30	51,033	-	(749,817)
Public Works					
Street and Drainage	489,870	50,386	-	-	(439,484)
Sanitation	589,434	64,789	-	-	(524,645)
Code Enforcement	92,459	1,393	-	-	(91,066)
Health & Welfare					
Impounding	70,980	-	-	-	(70,980)
Culture & Recreation					
Recreation Department	360,716	5,474	-	25,000	(330,242)
Interest on Long-Term Debt	<u>12,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,263)</u>
Total Governmental Activities	<u>5,622,386</u>	<u>216,401</u>	<u>141,861</u>	<u>25,000</u>	<u>(5,239,124)</u>
<b><u>Business-Type Activities:</u></b>					
Electric	3,859,910	5,826,092	-	-	1,966,182
Water	825,090	1,178,638	-	110,015	463,563
Sewer	651,351	672,827	-	33,900	55,376
Utility Administration	264,365	296,454	-	-	32,089
Interest on Long Term Debt	<u>258,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(258,285)</u>
Total Business-Type Activities	<u>5,859,001</u>	<u>7,974,011</u>	<u>-</u>	<u>143,915</u>	<u>2,258,925</u>
Total	<u>\$ 11,481,387</u>	<u>\$ 8,190,412</u>	<u>\$ 141,861</u>	<u>\$ 168,915</u>	<u>\$ (2,980,199)</u>

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

# **City of Winnfield**

## **STATEMENT OF ACTIVITIES (Continued)** **Year Ended June 30, 2021**

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (5,239,124)	\$ 2,258,925	\$ (2,980,199)
General Revenues:			
Taxes:			
Ad Valorem	170,981	-	170,981
Sales	2,481,022	-	2,481,022
Hotel Motel Tax	71,076	-	71,076
Licenses & Permits			
Franchise Fees	56,023	-	56,023
Occupational Licenses	252,211	-	252,211
Interest Income	3,615	2,442	6,057
Other	168,767	-	168,767
Special Item - Hurricane Restoration	(28,770)	(1,205,401)	(1,234,171)
Transfers	2,620,930	(2,620,930)	-
Total General Revenues, Special Items and Transfers	<u>5,795,855</u>	<u>(3,823,889)</u>	<u>1,971,966</u>
Change in Net Position	556,731	(1,564,964)	(1,008,233)
Net Position - Beginning	<u>6,961,853</u>	<u>11,052,546</u>	<u>18,014,399</u>
Net Position Ending	<u>\$ 7,518,584</u>	<u>\$ 9,487,582</u>	<u>\$ 17,006,166</u>

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

# **City of Winnfield**

## **Balance Sheet Governmental Funds - June 30, 2021**

	General Fund	Dedicated Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 972,322	\$ 3,946,337	\$ 419	\$ 4,919,078
Receivables (net)	81,339	137,882	-	219,221
<b>Total assets</b>	<u>1,053,661</u>	<u>4,084,219</u>	<u>419</u>	<u>5,138,299</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	141,080	-	-	141,080
Accrued Expenses	95,404	-	-	95,404
Other Payables	15,289	-	-	15,289
<b>Total liabilities</b>	<u>251,773</u>	<u>-</u>	<u>-</u>	<u>251,773</u>
<b>Fund Balance</b>				
Restricted For:				
Capital Improvements	-	-	419	419
Committed		4,084,219	-	4,084,219
Unassigned	801,888	-	-	801,888
<b>Total Fund Balances</b>	<u>801,888</u>	<u>4,084,219</u>	<u>419</u>	<u>4,886,526</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,053,661</u>	<u>\$ 4,084,219</u>	<u>\$ 419</u>	<u>\$ 5,138,299</u>

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

# **City of Winnfield**

## **Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position**

**Year Ended June 30, 2021**

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Total Fund Balances - Governmental Funds	\$ 4,886,526
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(3,705,768)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(573,098)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,482,890
Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	90,368
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>1,337,666</u>
Net Position of Governmental Activities	<u>\$ 7,518,584</u>

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

# **City of Winnfield**

## **Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2021**

	General	Dedicated	Other	Total
	Fund	Sales Tax	Governmental	Governmental
			Funds	Funds
<b>Revenues:</b>				
Taxes:				
Ad Valorem	\$ 170,981	\$ -	\$ -	\$ 170,981
Sales	819,585	1,661,437	-	2,481,022
Hotel Motel Tax	71,076	-	-	71,076
Licenses & Permits:				
Franchise Fees	56,023	-	-	56,023
Occupational Licenses	252,211	-	-	252,211
Intergovernmental	246,197	-	-	246,197
Fines and Forfeitures	23,374	-	-	23,374
Interest Income	1,210	2,362	43	3,615
Other	282,459	-	-	282,459
<b>Total Revenues</b>	<b>1,923,116</b>	<b>1,663,799</b>	<b>43</b>	<b>3,586,958</b>
<b>Expenditures:</b>				
Current:				
General Government				
City Hall Administration	1,510,041	10	-	1,510,051
Public Safety				
Police Department	1,576,627	-	-	1,576,627
Fire Department	746,305	-	-	746,305
Public Works				
Streets and Drainage	338,362	-	-	338,362
Sanitation	514,613	-	-	514,613
Code Enforcement	84,482	-	-	84,482
Culture & Recreation				
Recreation Department	365,583	-	-	365,583
Health & Welfare				
Impounding	68,930	-	-	68,930
Capital Expenditures	325,035	-	-	325,035
Debt Service	84,026	-	-	84,026
<b>Total Expenditures</b>	<b>5,614,004</b>	<b>10</b>	<b>-</b>	<b>5,614,014</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,690,888)</b>	<b>1,663,789</b>	<b>43</b>	<b>(2,027,056)</b>

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



**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds - Year Ended June 30, 2021**

	General Fund	Dedicated 1% Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	(3,690,888)	1,663,789	43	(2,027,056)
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds From Long-Term Debt	183,252	-	-	183,252
Operating Transfers In	3,089,188	-	-	3,089,188
Operating Transfers Out	-	(468,215)	(43)	(468,258)
<b>Total Other Financing Sources (Uses)</b>	<u>3,272,440</u>	<u>(468,215)</u>	<u>(43)</u>	<u>2,804,182</u>
<b><u>Special Item</u></b>				
<b>Hurricane Restoration</b>	<u>(28,770)</u>	<u>-</u>	<u>-</u>	<u>(28,770)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses and Special Items</b>	(447,218)	1,195,574	-	748,356
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>1,249,106</u>	<u>2,888,645</u>	<u>419</u>	<u>4,138,170</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ 801,888</u>	<u>\$ 4,084,219</u>	<u>\$ 419</u>	<u>\$ 4,886,526</u>

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

# **City of Winnfield**

## **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2021**

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Net change in fund balances of Governmental Funds	\$ 748,356
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. The effect of capital expenditures and depreciation are presented as follows:	
Capital Expenditures	214,768
Leased Vehicles	110,267
Depreciation	(481,707)
Amortization of Lease	(19,899)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position.	
Proceeds on Long-Term Debt	(183,252)
Repayment of Long-Term Debt	71,763
Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences paid exceed amounts earned in the current period.	(26,377)
Changes in total OPEB Liability including related deferred inflows and outflows	31,569
Changes in net pension liability including related deferred inflows and outflows	<u>91,243</u>
Change in net position of governmental activities	<u>\$ 556,731</u>

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

# **City of Winnfield**

## **Statement of Net Position Proprietary Funds - June 30, 2021**

	Business-Type Activities Enterprise Funds Utility System
<b><u>ASSETS:</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ -
Receivables (Net)	1,153,620
Total Current Assets	1,153,620
Restricted Assets:	
Cash and Cash Equivalents	2,087,788
Investments	135,777
Noncurrent Assets:	
Non Depreciable Capital Assets	869,309
Depreciable Capital Assets, Net	15,900,547
<b>Total Assets</b>	<b>20,147,041</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>	
Pension Funding Deferrals	302,807
OPEB Funding Deferrals	8,510
<b>Total Deferred Inflows</b>	<b>311,317</b>
<b><u>LIABILITIES:</u></b>	
Current Liabilities:	
Cash Overdraft	950,008
Accounts Payable	487,324
Retainage Payable	36,035
Accrued Expenses	28,082
Compensated Absences	59,524
Deposits Due Others	462,328
Total Current Liabilities	2,023,301
Liabilities Payable From Restricted Assets:	
Accrued Interest Payable from Restricted Assets	22,492
Current Portion of Long-Term Debt	282,355
Noncurrent Liabilities:	
Other Post Employment Benefits	87,128
Net Pension Liability	1,033,705
Long-Term Debt	7,438,585
<b>Total Liabilities</b>	<b>10,887,566</b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	
Pension Funding Deferrals	42,563
OPEB Funding Deferrals	40,647
<b>Total Deferred Inflows</b>	<b>83,210</b>
<b><u>NET POSITION:</u></b>	
Invested in Capital Assets, Net of Related Debt	9,331,271
Restricted for Debt Service	1,918,718
Unrestricted	(1,762,407)
<b>Total Net Position</b>	<b>\$ 9,487,582</b>

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

# **City of Winnfield**

## **Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - June 30, 2021**

	Business-Type Activities Enterprise Funds Utility System
<b><u>Operating Revenues</u></b>	
Service Fees	
Water Sales	\$ 1,178,638
Sewer Service Fees	672,827
Electricity Sales	5,826,092
Other Revenues	296,454
<b>Total Operating Revenues</b>	<b>7,974,011</b>
<b><u>Operating Expenses</u></b>	
Electric Department	3,859,910
Water Department	825,090
Sewer Department	651,351
Utility Administration	264,365
Other	-
<b>Total Operating Expenses</b>	<b>5,600,716</b>
<b>Operating Income (Loss)</b>	<b>2,373,295</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>	
Interest Revenue	2,442
Interest Expense	(258,285)
<b>Change in Net Position Before Contributions, Transfers and Special Items</b>	<b>2,117,452</b>
<b><u>Contributions and Transfers</u></b>	
Capital Contributions	143,915
Operating Transfers Out	(2,620,930)
<b>Change in Net Position, Before Special Items</b>	<b>(359,563)</b>
<b><u>Special Item</u></b>	
Hurricane Restoration	(1,205,401)
<b>Change in Net Position</b>	<b>(1,564,964)</b>
<b>Net Position - Beginning</b>	<b>11,052,546</b>
<b>Total Net Position - Ending</b>	<b>\$ 9,487,582</b>

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

# **City of Winnfield**

## **Statement of Cash Flows**

### **Proprietary Funds - Year Ended June 30, 2021**

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	Business-Type Activities Enterprise Funds Utility System
<b><u>Cash Flow from Operating Activities</u></b>	
Cash Received from Customers	\$ 8,084,880
Cash Payments to Suppliers of Goods and Services	(5,300,801)
Cash Payments to Employees for Services	(589,646)
Net Cash Provided (used) by Operating Activities	<u>2,194,433</u>
<b><u>Cash Flows From Non-Capital Financing Activities</u></b>	
Operating Transfers Out	(2,620,930)
Net Cash Provided (used) by Non-Capital Financing Activities	<u>(2,620,930)</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Acquisition of Capital Assets	(754,151)
Proceeds from Capital Grants	143,915
Proceeds from Debt Issuance	440,061
Principle Paid on Revenue Bonds	(490,338)
Interest Paid on Debt Instruments	(258,285)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(918,798)</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest and Other Income	2,442
Sale of Securities	13,207
Net Cash Provided (used) by Investing Activities	<u>15,649</u>
<b>Net Increase (Decrease) in Cash</b>	(1,329,646)
<b>Beginning Cash Balance</b>	<u>2,467,426</u>
<b>Ending Cash Balance</b>	1,137,780
<b>Restricted Cash and Cash Equivalents</b>	<u>2,087,788</u>
<b>Cash and Cash Equivalents (Overdraft)</b>	<u>\$ (950,008)</u>

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

# **City of Winnfield**

## **Statement of Cash Flows (Continued)**

### **Proprietary Funds - Year Ended June 30, 2021**

	<u>Business-Type Activities Enterprise Funds Utility System</u>	
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u></b>		
Operating Income (Loss)	\$	2,373,295
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation		672,085
Special Item - Hurricane Restoration		(1,205,401)
(Increase) Decrease in Accounts Receivable		85,611
(Increase) Decrease in Other Assets		-
(Decrease) Increase in Accounts and Other Payables		227,490
(Decrease) Increase in Accrued Expenses		-
(Decrease) Increase in Accrued Payroll		8,367
(Decrease) Increase in Compensated Absences		10,525
(Decrease) Increase in Net Pension Liabilities and Other Post Employment Benefits		(2,797)
(Decrease) Increase in Meter Deposits		<u>25,258</u>
Net Cash Provided (Used) by Operating Activities	\$	<u>2,194,433</u>

#### **Supplemental disclosures of cash flow information:**

During the year ended June 30, 2021 there were no operating, financing, or investing activities that did not result in cash receipts or payments.

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

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Winnfield (the City) was incorporated under the provisions of the Lawrason Act in June of 1902. The City is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the City include police protection, fire protection, street maintenance, drainage, recreation and sanitation. The City also operates a water distribution system, a sewer system, and an electrical distribution system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

#### **Financial Reporting Entity**

As the municipal governing authority for reporting purposes, the City is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (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 is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the City of Winnfield for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Standards set forth criteria to be considered in determining financial accountability as follows:

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the City to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the criteria presented above, the City has determined that the following component units are part of the City's reporting entity. Separately issued financial statements for these component units can typically be obtained on the internet at [www.la.state.la.us](http://www.la.state.la.us).

- Winnfield City Court
- Winnfield City Marshal

The accompanying financial statements are not intended to present financial position, and results of operation for the reporting entity as a whole. Discretely presented component units have been omitted from the accompanying financial statements. Due to the absence of component unit data, the financial statements do not address the entire reporting entity as required by generally accepted accounting principles.

#### **Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

### Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

#### Major Governmental Funds

General Fund – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Dedicated 1% Sales Tax – The sales tax fund is a special revenue fund used to account for the proceeds of a 1% sales tax subject to commitments imposed by the governing body that is described in Note 5.

#### Major Business-Type Funds

Utility System – The utility fund is used to account for the operation of the City's water, electric distribution, and sewer system, which are supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water, sewer service and electricity.

### Basis of Accounting and Measurement Focus

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. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:



# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure of funds. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure of funds.

### Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

### Budget Practices:

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. City budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

### Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City. As required by Governmental Accounting Standards, the City has retroactively capitalized infrastructure acquired after a certain date. Infrastructure capitalized retroactively includes streets, sidewalks, bridges, and drainage improvements.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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### Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit held by local fiscal agents and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature within a short frame of time.

### Internal Activity:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

### Investments

The City may invest in United States Bonds, Treasury Notes, Time Certificates of Deposit of any bank domiciled or having a branch in the State of Louisiana, investments as stipulated in state law, or any other federally insured investments. Investments consist of amounts held in such securities, which are stated at fair value.

### Compensated Absences

Full time and regular part-time employees earn vacation at rates that vary depending on length of service and civil service classification. Unused vacation that employees are allowed to carry forward is reported as a liability. In addition, employees with at least 20 years of service are entitled to a vested interest in sick leave, subject to certain limitations. The portion of the liability for compensated absences attributable to governmental funds and activities is typically liquidated by the general fund.

### Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the City typically depletes the available restricted or committed resources before consuming unrestricted resources.

## **NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable for the year ended June 30, 2021 are summarized as follows:

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b><u>Accounts Receivable</u></b>			
Charges for Services	\$ ----	\$ 1,453,342	\$ 1,453,342
Franchise Taxes	5,932	----	5,932
Hotel Motel Tax	4,527	----	4,527
Other	3,701	----	3,701
Total Accounts Receivable	<u>14,160</u>	<u>1,453,342</u>	<u>1,467,502</u>
<b><u>Due From Other Governmental Units</u></b>			
Sales Tax	205,061	----	205,061
Total Due From Other Governments	<u>205,061</u>	<u>----</u>	<u>205,061</u>

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Receivables	219,221	1,453,342	1,672,563
Allowance for Doubtful Accounts	----	(299,722)	(299,722)
Receivables (Net)	<u>\$ 219,221</u>	<u>\$ 1,153,620</u>	<u>\$ 1,372,841</u>

### **NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2021, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 4,917,565	\$ 1,021,329	\$ 5,938,894
Cash Equivalents	----	112,951	112,951
Petty Cash	1,513	3,500	5,013
Total Cash and Equivalents	4,919,078	1,137,780	6,056,858
Restricted Cash and Equivalents	----	2,087,788	2,087,788
Cash and Cash Equivalents	<u>\$ 4,919,078</u>	<u>\$ (950,008)</u>	<u>\$ 3,969,070</u>

#### **Cash Deposited in Banks**

Cash deposited in banks is stated at cost, which approximates market. At June 30, 2021, the City had \$5,938,894 in deposits (\$7,473,623 collected bank balance). These deposits are secured from risk by \$348,743 of federal deposit insurance, \$2,805,079 of pledged securities held by the custodial bank in the name of the fiscal agent bank, and an irrevocable standby letter of credit from the Federal Home Loan Bank of Dallas in the amount of \$5,000,000.

#### **Cash Equivalents**

Cash equivalents consist of cash held in regulated investment accounts subject to coverage from the Security Investor Protection Corporation.

### **NOTE 4 – INVESTMENT SECURITIES:**

Investments held at year end are summarized as follows:

	<u>Total Investments</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U. S. Government Mortgage-Backed Securities	\$ 30,547	\$ ----	\$ 30,547	\$ ----
Certificates of Deposit – Goldman Sachs Bank	105,230	----	105,230	----
Total	<u>\$ 135,777</u>	<u>\$ ----</u>	<u>\$ 135,777</u>	<u>\$ ----</u>

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

Securities classified in Level 2 of the fair value hierarchy are valued using evaluations, which may be matrix or model-based techniques. These estimates are obtained from various sources and assume normal market conditions and transaction volumes.

### Credit Risk

The City typically manages credit risk by limiting investments to securities that are guaranteed by the United States government or agencies of the United States government. Information regarding credit risk is provided as follows:

- U. S. Agency Mortgage Backed Securities consist entirely of instruments issued by the Government National Mortgage Association (GNMA). The GNMA securities are guaranteed by the full faith and credit of the United States government. The remaining Mortgage-Backed Securities are guaranteed by agencies chartered by the United States government and are not subject to rating agency evaluations.
- Certificates of deposit are insured by the Federal Deposit Insurance Corporation and are not subject to rating agency evaluations.

### Interest Rate Risk

Interest rate risk refers to exposure to fair value losses arising from increasing interest rates. Interest rate risks for various types of securities are analyzed as follows:

- Mortgage-backed securities mature in monthly installments that are based on the payment history associated with underlying pools of single-family home mortgages. Since the payment history is influenced by prepayment of mortgage obligations, it is not practical to provide a maturity schedule associated with the mortgage-backed securities. Furthermore, interest rate risk associated with restricted mortgage-backed securities held by various bond indentures is offset by the terms of bond issues that finance the acquisition of mortgage-backed securities. Since the bond issues provide access to funds needed for investment at fixed rates, any financial impact from unfavorable changes in interest rates is minimized.
- Interest rate risk associated with Certificates of Deposit increase in proportion to the length of time to maturity. Maturity schedules associated with these investment securities are presented as follows:

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 – 5	6 – 10	More Than 10
Certificates of Deposit	105,230	----	105,230	----	----

### **NOTE 5 - LONG-TERM DEBT**

Debt attributable to the acquisition of the City's utility system and the operation of the utility system is reported as an obligation of the City's business-type enterprise funds. Remaining debts are reported as governmental activities. The City's debts are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Installment Purchase Agreement	\$ 148,437	\$ 225,651	\$ 374,088
Lease Obligations	91,042	----	91,042
Revenue Bonds	----	7,495,289	7,495,289
Total Long-term Debt	239,479	7,720,940	7,960,419
Due Within One Year	91,924	282,355	374,279
Due in More Than One Year	\$ 147,555	\$ 7,438,585	\$ 7,586,140

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Installment Purchase Agreements	\$ 127,989	\$ 72,985	\$ 52,537	\$ 148,437
Lease Obligations	----	110,267	19,225	91,042
Total Governmental Activities	<u>127,989</u>	<u>183,252</u>	<u>71,762</u>	<u>239,479</u>
<b><u>Business-Type Activities</u></b>				
Installment Purchase Agreements	256,989	----	31,338	225,651
Revenue Bonds	7,514,228	440,061	459,000	7,495,289
Total Business-Type Activities	<u>7,771,217</u>	<u>440,061</u>	<u>490,338</u>	<u>7,720,940</u>
Total Long-term Debts	<u>\$ 7,899,206</u>	<u>\$ 623,313</u>	<u>\$ 562,100</u>	<u>\$ 7,960,419</u>

### Installment Purchase Agreements

The City has executed installment purchase agreements to finance the acquisition of various pieces of equipment, and a utility billing office. Terms of the agreements are described as follows:

\$81,136 Installment Purchase Agreement to purchase a 22' Diesel Dry Van payable in 120 monthly installments of \$1,272 including interest based on a rate of 8.319%, with the final installment due June of 2024.	\$ 40,409
\$100,526 Installment Purchase Agreement to purchase a John Deere Tractor payable in 36 monthly installments of \$2,945 including interest based on a rate of 3.25%, with the final installment due in August 16, 2027.	43,111
\$72,985 Installment Purchase Agreement to purchase a Freightliner payable in 66 monthly installments of \$1,388, including interest based on a rate of 8.49%, with the final installment due in March of 2026.	64,917
\$250,000 Installment Purchase Agreement for the purchase of the City's Utility Billing Office payable in 180 monthly installments of \$1,912 including interest based on a rate of 4.50%, with the final installment due in September of 2030.	172,122
\$100,526 Installment Purchase Agreement for a bucket truck payable in 5 yearly installments of \$19,278 including interest based on a rate of 3.97%, with the final installment due in October of 2023.	<u>53,529</u>
Total Installment Agreements	<u>\$ 374,088</u>

### Lease Obligations

The City has entered into various leasing arrangements to acquire vehicles necessary to conduct operations. The Lease Obligations at year end are summarized below:

\$110,267 of Lease Obligations incurred during the year ended June 30, 2021, bearing various interest rates. The Lease obligations require monthly payments, ranging from \$745 a month to \$823 a month, over either a three- or four-year period.	\$ 91,042
Total Lease Obligations	<u>\$ 91,042</u>

### Revenue Bonds

The City has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at June 30, 2021 are described as follows:

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

\$4,000,000 Electric Revenue Bonds Series 2014, bearing various interest rates. The bonds mature serially on July 1 <sup>st</sup> of each year in amounts ranging from \$150,000 to \$305,000. Final maturity is scheduled for July 1, 2034, unless the City elects to redeem the bonds prior to maturity.	\$ 3,015,000
\$2,000,000 Electric Revenue Bonds Series 2015, bearing various interest rates. The bonds mature serially on July 1 <sup>st</sup> of each year in amounts ranging from \$85,000 to \$150,000. Final maturity is scheduled for July 1, 2034, unless the City elects to redeem the bonds prior to maturity	1,495,000
\$1,250,000 Sewer Revenue Bonds Series 2007 (DEQ), bearing interest at 2.45%. The bonds mature serially on April 1 <sup>st</sup> of each year in amounts ranging from \$47,000 to \$80,000. Final maturity is scheduled for May 1, 2028, unless the City elects to redeem the bonds prior to maturity.	520,404
Sewer Revenue Bonds Series 2007, bearing interest at a rate of 0.45%. The face value of the bonds is available to reimburse construction certain construction costs and as of June 30, 2021 \$903,282 has been collected. The bonds mature serially on April 1 <sup>st</sup> of each year, and if the entire loan is utilized, the principal payments will range from \$61,000 to \$81,000 Final maturity is scheduled for April 1, 2033, unless the City elects to redeem the bonds prior to maturity.	781,282
\$1,750,000 Water Revenue Bonds Series 2012, bearing interest at 2.95%. The bonds mature serially on February 1 <sup>st</sup> of each year in amounts ranging from \$77,000 to \$119,000. Final maturity is scheduled for February of 2033, unless the City elects to redeem the bonds prior to maturity.	1,199,000
Water Revenue Bonds Series 2018, bearing interest at a rate of 1.95%. The face value of the bonds is available to reimburse construction certain construction costs and as of June 30, 2021 \$488,603 had been collected. The bonds mature serially on February 1 <sup>st</sup> of each year.	484,603
Total Revenue Bonds	<u>\$ 7,495,289</u>

### Maturity of Long-term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>	<u>Principal Installments</u>	<u>Interest</u>
2022	\$ 91,924	\$ 11,294	\$ 282,355	\$ 169,131
2023	69,549	7,160	552,008	256,802
2024	49,021	3,975	574,459	242,535
2025	16,921	1,751	572,694	223,084
2026	12,064	431	596,507	205,306
2027 – 2031	----	----	3,029,030	766,243
2032 - 2036	----	----	2,113,887	212,039
Total	<u>\$ 239,479</u>	<u>\$ 24,611</u>	<u>\$ 7,720,940</u>	<u>\$ 2,075,140</u>

### NOTE 6 – TAXES:

Details related to ad valorem and sales taxes are described as follows:

#### Ad Valorem Taxes:

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Winn Parish. For the year ended June 30, 2021, the City levied ad valorem taxes as follows:

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	7.41

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

### Sales Taxes:

Sales taxes are collected either by the Winn Parish School Board, and remitted to the City on a monthly basis. For the year ended June 30, 2021 the City has levied sales taxes as follows:

<u>Description</u>	<u>Percentage Levied</u>
Levied per proposition approved by the citizens of Winnfield authorizing a one percent (1%) sales tax to be allocated first to the Parish (60%), while the City receives the remainder. (40%). The City's portion can be used for solid waste collection and disposal, operation and maintenance of the Waste Compaction station, or for providing any municipal service.	1.0%
Levied per proposition approved by the citizens of Winnfield authorizing a one- and one-half cent sales tax, with the proceeds to be dedicated for the purpose of providing funds for the sewer treatment, solid waste landfill, capital improvements including streets, drainage, and sanitation, and for the additional purpose of providing funds for any other lawful purpose of the City. While Revenue from this sales tax is not restricted, the City has elected to account for it within a special revenue fund, as the proceeds are committed to various purposes.	1.5%

### NOTE 7 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets				
Land	\$ 381,134	\$ ----	\$ ----	\$ 381,134
Construction in Process	----	----	----	----
Total	<u>381,134</u>	<u>----</u>	<u>----</u>	<u>381,134</u>

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Depreciable Capital Assets				
Buildings and Improvements	7,904,605	22,550	----	7,927,155
Furniture, Fixtures and Equipment	851,204	----	----	851,204
Vehicles and Automobiles	1,842,810	192,218	----	2,035,028
Infrastructure	41,329,605	----	----	41,329,605
Accumulated Depreciation	(46,559,529)	(481,707)	----	(47,041,236)
Total	<u>5,368,695</u>	<u>(266,939)</u>	<u>----</u>	<u>5,101,756</u>
Total Governmental Activities	<u>\$ 5,749,829</u>	<u>\$ (266,939)</u>	<u>\$ ----</u>	<u>\$ 5,482,890</u>
<b><u>Business-Type Activities</u></b>				
Non-Depreciable Capital Assets				
Land	\$ 54,480	\$ ----	\$ ----	\$ 54,480
Construction in Process	60,678	754,151	----	814,829
Total Non-Depreciable	<u>115,158</u>	<u>754,151</u>	<u>----</u>	<u>869,309</u>
Depreciable Capital Assets				
Electric System and Equipment	10,625,720	----	----	10,625,720
Water System and Equipment	14,374,125	----	----	14,374,125
Wastewater System and Equipment	8,518,869	----	----	8,518,869
Utility Administration	393,394	----	----	393,394
Accumulated Depreciation	(17,339,476)	(672,085)	----	(18,011,561)
Total	<u>16,572,632</u>	<u>(672,085)</u>	<u>----</u>	<u>15,900,547</u>
Total Business-Type Activities	<u>\$ 16,687,790</u>	<u>\$ (672,085)</u>	<u>\$ ----</u>	<u>\$ 16,769,856</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
City Administration	\$ 147,848	\$ ----	\$ 147,848
Police Department	58,005	----	58,005
Fire Department	43,612	----	43,612
Streets and Drainage	154,723	----	154,723
Culture and Recreation	75,307	----	75,307
Health & Welfare (Impounding)	2,212	----	2,212
Electric Distribution	----	170,858	170,858
Water System	----	294,349	294,349
Wastewater System	----	190,084	190,084
Utility Administration	----	16,794	16,794
Total Depreciation Expense	<u>\$ 481,707</u>	<u>\$ 672,085</u>	<u>\$ 1,153,792</u>

### **NOTE 8 – ACCOUNTS PAYABLES**

Amounts reported as accounts payable are composed entirely of invoices payable to vendors.



# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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### **NOTE 9- RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 10 - RESTRICTED RESOURCES**

The City's net position is subject to restrictions described as follows:

- Bond covenants require the City to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.
- The City received funds subject to the requirement that these resources be used to build a specific capital project.

In addition to the restrictions above, the City Council designated sales tax collections for certain purposes. These amounts have been reported as committed fund balance, as the amount is constrained to specific purposes by the City itself.

### **NOTE 11 – PENSION PLANS:**

Substantially all City employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. A summary of amounts reported in connection with participation in these plans is summarized as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 2,645,703	\$ 796,890	\$ 112,013
Firefighters' Retirement System of Louisiana	880,626	430,465	74,557
Municipal Police Employees' Retirement System of Louisiana	<u>732,991</u>	<u>381,492</u>	<u>278,028</u>
Total	4,259,320	1,608,847	464,598
Portion Applicable to Business Type Activities	<u>1,033,705</u>	<u>302,807</u>	<u>42,563</u>
Portion Applicable to Government Type Activities	<u>\$ 3,225,615</u>	<u>\$ 1,306,040</u>	<u>\$ 422,035</u>

Further information regarding each of the retirement systems presented above is furnished as follows:

#### **Municipal Employees' Retirement System of Louisiana:**

**Plan Description** -The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City participating in the retirement system are members of Plan A. 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 A, employees who retire at or after age 60 with at least 10 years of creditable service, or after any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Monthly retirement benefits paid under Plan A cannot exceed 100 percent 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

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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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 by state statute.

**Funding Policy** - Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. 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 City are established and may be amended by state statute. As provided by State law, 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 City's contributions to the system were equal to the required contributions for the year.

**Financial Summary** – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 432,340,891
City's Proportionate Share (Percentage)	0.61195 %
City's Proportionate Share (Amount)	<u>\$ 2,645,703</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2019 are provided as follows:

Beginning Net Pension Liability	\$ 2,718,825
Employer Contributions	(327,930)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	382,518
Changes in Benefit Terms	----
Employee Contributions	<u>(41,515)</u>
Change in Deferred Outflows of Resources	(150,106)
Change in Deferred Inflows of Resources	<u>63,911</u>
Ending Net Pension Liability	<u>\$ 2,645,703</u>

There were no changes between June 30, 2021 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net</b>
Differences Between Expected and Actual Experience	\$ 1,227	\$ 14,998	\$ (13,771)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	264,015	----	264,015
Changes of Assumptions	44,509	----	44,509
Changes in Proportion	121,501	97,015	24,486
Employer Contributions Made After the Measurement Date	365,638	----	365,638
Total Deferrals	796,890	112,013	684,877
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	365,638	----	365,638
Deferrals Subject to Amortization	<u>\$ 431,252</u>	<u>\$ 112,013</u>	<u>\$ 319,239</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2021	\$ 184,397
June 30, 2022	36,151
June 30, 2023	59,989
June 30, 2024	38,702
Total	<u>\$ 319,239</u>

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.95%, net of pension plan investment expense, including inflation
Projected Salary Increases	1 to 4 years of service – 6.4% More than 4 years of service – 4.5%
Mortality Rates	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales.
Expected Remaining Service Lives	3 years

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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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.

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

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

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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 to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 5.95% Discount Rate</u>	<u>Current Discount Rate 6.95%</u>	<u>1% Increase 7.95% Discount</u>
Net Pension Liability	\$ 3,441,768	\$ 2,645,703	\$ 1,972,594

### Firefighters' Retirement System of Louisiana

**Plan Description** – Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to  $3^{1/3}$  percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their 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 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) 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.

**Funding Policy** – Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by state statute. As proved by state law, the employer contributions are

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

**Financial Summary** – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lafirefightersret.com. The plans net pension liability was determined at June 30, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 693,154,944
City's Proportionate Share (Percentage)	0.12705%
City's Proportionate Share (Amount)	<u>\$ 880,626</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2020 are provided as follows:

Beginning Net Pension Liability		\$ 654,839
Employer Contributions		(88,006)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	172,729	
Changes in Benefit Terms	----	
Employee Contributions	<u>(35,595)</u>	137,134
Change in Deferred Outflows of Resources		179,646
Change in Deferred Inflows of Resources		<u>2,987</u>
Ending Net Pension Liability		<u>\$ 880,626</u>

There were no changes between June 30, 2021 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ ----	\$ 56,342	\$ (56,342)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	96,980	----	96,980
Changes of Assumptions	85,129	----	85,129
Changes in Proportion	123,931	18,215	105,716
Employer Contributions Made After the Measurement Date	<u>124,425</u>	<u>----</u>	<u>124,425</u>
Total Deferrals	430,465	74,557	355,908
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>124,425</u>	<u>----</u>	<u>124,425</u>
Deferrals Subject to Amortization	<u>\$ 306,040</u>	<u>\$ 74,557</u>	<u>\$ 231,483</u>

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2021	\$ 34,187
June 30, 2022	56,317
June 30, 2023	52,176
June 30, 2024	43,800
June 30, 2025	24,440
Thereafter	<u>20,563</u>
Total	<u>\$ 231,483</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.00% per annum
Inflation Rate	2.50% per annum
Projected Salary Increases	Vary from 14.10% in the first two years of service to 4.50% after 25 years.
Cost of Living Adjustments	Only those previously granted

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
U.S. Equity	26.00%	5.72%
Non-U.S. Equity	12.00%	6.24%
Global Equity	16.00%	6.23 – 8.61%
Fixed Income	31.00%	1.00 – 3.40%
Real Estate	6.00%	4.20%
Private Equity	9.00%	10.29%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00%. 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.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 6.0%</u> <u>Discount Rate</u>	<u>Current Discount</u> <u>Rate 7.0%</u>	<u>1% Increase 8.0%</u> <u>Discount</u>
Net Pension Liability	\$ 1,272,055	\$ 880,626	\$ 553,898

### Municipal Police Employees' Retirement System of Louisiana

**Plan Description** - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. 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 previously 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.

**Funding Policy** - Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City 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 City's contributions to the plan were equal to the required contributions for the year.

**Financial Summary** – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report available on the internet at [www.lampers.org](http://www.lampers.org). The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at [lampers.org](http://lampers.org). The plans net pension liability was determined at June 30, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 924,233,054
City's Proportionate Share (Percentage)	0.07931%
City's Proportionate Share (Amount)	<u>\$ 732,991</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2020 are provided as follows:

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

Beginning Net Pension Liability		\$	505,913
Employer Contributions			(79,796)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	63,519		
Changes in Benefit Terms	----		
Employee Contributions	(17,287)		46,232
Change in Deferred Outflows of Resources			175,078
Change in Deferred Inflows of Resources			85,564
			<u>          </u>
Ending Net Pension Liability		\$	<u>732,991</u>

There were no changes between June 30, 2021 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ ----	\$ 28,872	\$ (28,872)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	87,937	----	87,937
Changes of Assumptions	17,418	18,089	(671)
Changes in Proportion	145,909	231,067	(85,158)
Employer Contributions Made After the Measurement Date	130,228	-----	130,228
			<u>          </u>
Total Deferrals	381,492	278,028	103,464
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	130,228	----	130,228
			<u>          </u>
Deferrals Subject to Amortization	<u>\$ 251,264</u>	<u>\$ 278,028</u>	<u>\$ (26,764)</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2021	\$ (65,411)
June 30, 2022	(43,141)
June 30, 2023	65,084
June 30, 2024	16,704
	<u>          </u>
Total	<u>\$ (26,764)</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

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



# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

Investment Rate of Return	6.95% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.50% per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u> 1 - 2 Over 2	<u>Salary Growth Rate</u> 12.30% 4.70%

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

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

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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.

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, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 5.95% Discount Rate</u>	<u>Current Discount Rate 6.95%</u>	<u>1% Increase 7.95% Discount Rate</u>
Net Pension Liability	\$ 1,029,774	\$ 732,991	\$ 484,892

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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### **NOTE 12 - TRANSFERS**

In the ordinary course of business, the City routinely transfers resources between its funds for various reasons. A description of the transfers and the purpose for transfers regarding governmental activities is presented below.

	<u>Governmental Activities</u>			
	<u>General Fund</u>	<u>Dedicated Sales Tax</u>	<u>Other</u>	<u>Total</u>
<b><u>Transfers In</u></b>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 468,258	\$ ----	\$ ----	\$ 468,258
Transfer excess utility revenues to the general fund.	2,620,929	----	----	2,620,929
Total Transfers In	<u>3,089,187</u>	<u>----</u>	<u>----</u>	<u>3,089,187</u>
<b><u>Transfers Out</u></b>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	<u>----</u>	<u>468,215</u>	<u>42</u>	<u>468,257</u>
<b>Net Transfers</b>	<u>\$ 3,089,187</u>	<u>\$ (468,215)</u>	<u>\$ (42)</u>	<u>\$ 2,620,930</u>

Transfers from the Utility System were limited to transfers out of \$2,620,930 to transfer excess utility revenues to the general fund.

### **NOTE 13 – CONTINGENCIES:**

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2021 are described as follows:

#### **Litigation:**

Like most governmental units with extensive and diverse operations, the City is occasionally named as a defendant in litigation. Based on consultation with City Attorney, the ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time; however, exposure to losses are expected to be limited to the deductible provisions of insurance policies.

The City was named as a defendant in a lawsuit filed by Poor Boy Tree Service, Inc. in the U.S. District Court for the Western District of Louisiana on July 21, 2022. This lawsuit alleges non-payment for services rendered by Poor Boy Tree Service during the aftermath of Hurricane Laura. However, the terms of the contract, exorbitant nature of the invoices sent, and non-payment by FEMA due to these factors has rendered any eventually outcome uncertain, and the City plans a vigorous defense. At this time, no reserve for any claims resulting from this lawsuit has been accrued.

#### **Grant Compliance:**

The City receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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### **NOTE 14– POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

#### General Information about the OPEB Plan

*Plan description* – The City of Winnfield (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Winnfield’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

*Benefits Provided* – Benefits are provided through comprehensive plans and are made available to employees upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Firefighters' Retirement System of Louisiana, and, third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police systems have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. For each system, employees hired on and after January 1, 2013 must meet the following retirement (D.R.O.P. entry) requirements: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance is not considered in this valuation.

*Employees covered by benefit terms* – As of the measurement date June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>63</u>
	<u>68</u>

#### Total OPEB Liability

The City’s total OPEB liability is \$176,158 as of the measurement date June 30, 2021, the end of the fiscal year.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0%, including inflation
Discount rate	2.21% annually (Beginning of Year to Determine ADC)
	2.16% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2032, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index on the applicable measurement dates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2021.

# **City of Winnfield**

## **Notes to Financial Statements June 30, 2021**

### Changes in Total OPEB Liability

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balances at June 30, 2020	\$ 79,886	\$ 84,668	\$ 164,554
Changes for the year:			
Service Cost	8,772	2,360	11,132
Interest	2,963	797	3,760
Differences between expected and actual experience	33,472	9,007	42,479
Changes in Assumptions	262	70	332
Benefit payments and net transfers	(36,324)	(9,774)	(46,098)
Net Changes	<u>89,031</u>	<u>87,128</u>	<u>176,159</u>
Balance at June 30, 2021	<u>\$ 89,031</u>	<u>\$ 87,128</u>	<u>\$ 176,159</u>

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	<b>1.0% Decrease (1.16 %)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1.0% Increase (3.16%)</b>
Total OPEB liability	\$ 183,713	\$ 176,159	\$ 169,181

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 167,662	\$ 176,159	\$ 186,004

### OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$3,874. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 39,824	\$ (171,707)
Changes in assumptions	312	(20,003)
Total	<u>\$ 40,136</u>	<u>\$ (191,710)</u>

# **City of Winnfield**

## **Notes to Financial Statements**

**June 30, 2021**

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ending:</u>	
June 30, 2022	\$ (11,018)
June 30, 2023	(11,018)
June 30, 2024	(11,018)
June 30, 2025	(11,018)
June 30, 2026	(11,018)
Thereafter	<u>(96,484)</u>
Total	<u>\$ (151,574)</u>

### **NOTE 15– ON BEHALF PAYMENTS**

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 59,250
Fire Department	51,033
Total	<u>\$ 110,283</u>

### **NOTE 16– SPECIAL ITEM**

During the fiscal year ended June 30, 2021, the City of Winnfield was deeply affected by Hurricane Laura, which made landfall on August 27, 2020, and Hurricane Delta, which made landfall six weeks later. These storms combined to create significant damage to the City's electrical system. As these amounts were outside of management's control, and infrequent in nature, the expenditures have been recorded as a special item.

# **City of Winnfield**

## **General Fund**

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

**Budget and Actual - Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b><u>Revenues:</u></b>				
Taxes				
Ad Valorem	\$ 168,000	\$ 168,000	\$ 170,981	\$ 2,981
Sales	728,000	728,000	819,585	91,585
Hotel Motel Tax	68,650	68,650	71,076	2,426
Licenses & Permits:				
Franchise Fees	48,300	48,300	56,023	7,723
Occupational Licenses	199,710	199,710	252,211	52,501
Intergovernmental	164,100	164,100	246,197	82,097
Fines and Forfeitures	31,840	31,840	23,374	(8,466)
Interest	-	-	1,210	1,210
Other	130,910	130,910	282,459	151,549
<b>Total revenues</b>	<b>1,539,510</b>	<b>1,539,510</b>	<b>1,923,116</b>	<b>383,606</b>
<b><u>General Government:</u></b>				
General Government				
City Hall Administration	894,200	894,200	1,510,041	(615,841)
Public Safety				
Police Department	1,474,450	1,474,450	1,576,627	(102,177)
Fire Department	585,460	585,460	746,305	(160,845)
Public Works				
Streets and Drainage	743,310	743,310	338,362	404,948
Sanitation	418,880	418,880	514,613	(95,733)
Code Enforcement	120,200	120,200	84,482	35,718
Culture & Recreation				
Recreation Department	503,100	503,100	365,583	137,517
Health & Welfare				
Impounding	65,625	65,625	68,930	(3,305)
Capital Expenditures	-	-	325,035	(325,035)
Debt Service	-	-	84,026	(84,026)
<b>Total expenditures</b>	<b>4,805,225</b>	<b>4,805,225</b>	<b>5,614,004</b>	<b>(808,779)</b>

# **City of Winnfield**

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual - Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	(3,265,715)	(3,265,715)	(3,690,888)	(425,173)
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Long Term Debt	-	-	183,252	183,252
Operating Transfers In	2,941,400	2,941,400	3,089,188	147,788
Operating Transfers Out	-	-	-	-
<b><u>Special Item</u></b>				
<b>Hurricane Restoration</b>	-	-	(28,770)	(28,770)
<b>Excess (Deficiency) of</b>				
<b>Revenues and Other Sources</b>				
<b>Over Expenditures and Other</b>				
<b>Uses</b>	(324,315)	(324,315)	(447,218)	(122,903)
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year</b>	<u>1,249,106</u>	<u>1,249,106</u>	<u>1,249,106</u>	<u>-</u>
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<u>\$ 924,791</u>	<u>\$ 924,791</u>	<u>\$ 801,888</u>	<u>\$ (122,903)</u>

# **City of Winnfield**

## **Dedicated 1% Sales Tax Fund**

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

**Budget and Actual - Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b><u>Revenues:</u></b>				
Sales Taxes	\$ 1,436,000	\$ 1,436,000	\$ 1,661,437	\$ 225,437
Other	1,500	1,500	2,362	862
<b>Total revenues</b>	<b>1,437,500</b>	<b>1,437,500</b>	<b>1,663,799</b>	<b>226,299</b>
<b><u>General Government:</u></b>				
Current	1,368,320	1,368,320	10	1,368,310
<b>Total expenditures</b>	<b>1,368,320</b>	<b>1,368,320</b>	<b>10</b>	<b>1,368,310</b>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	69,180	69,180	1,663,789	1,594,609
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers Out	(700,000)	(700,000)	(468,215)	231,785
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>				
	(630,820)	(630,820)	1,195,574	1,826,394
<b>Fund Balance (Deficit) - Beginning of Year</b>	<b>1,399,809</b>	<b>1,399,809</b>	<b>2,888,645</b>	<b>-</b>
<b>Fund Balance (Deficit) - End of Year</b>	<b>\$ 768,989</b>	<b>\$ 768,989</b>	<b>\$ 4,084,219</b>	<b>\$ 1,826,394</b>



# ***City of Winnfield***

## ***Schedule of Changes in Net OPEB Liability Retiree Healthcare Plan***

	<b>For the Year Ended June 30, 2018</b>	<b>For the Year Ended June 30, 2019</b>	<b>For the Year Ended June 30, 2020</b>	<b>For the Year Ended June 30, 2021</b>
<b><u>Total OPEB Liability</u></b>				
Beginning Balance	\$ 450,707	428,056	404,526	\$ 164,554
Service Cost	9,623	9,996	8,070	11,131
Interest	16,907	15,655	15,852	3,760
Differences Between expected and actual experience	-	-	(196,236)	42,479
Changes in Assumptions	-	-	(22,861)	332
Benefit Payments	(49,181)	(49,181)	(44,797)	(46,098)
Ending Balance	<u>428,056</u>	<u>404,526</u>	<u>164,554</u>	<u>176,158</u>
<b><u>Fiduciary Net Positon</u></b>				
Beginning Balance	-	-	-	-
Employer Contributions	49,181	49,181	44,797	46,098
Benefit Payments	(49,181)	(49,181)	(44,797)	(46,098)
Ending Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net OPEB Liability</b>	<b><u>\$ 428,056</u></b>	<b><u>\$ 404,526</u></b>	<b><u>\$ 164,554</u></b>	<b><u>\$ 176,158</u></b>
Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Payroll	1,531,135	1,531,135	1,903,700	1,903,700
Net OPEB Liability as a Percentage of Covered Payroll	27.96%	26.42%	8.64%	9.25%
<b>Notes to Schedule:</b>				
Benefit Change:	None	None	None	Compensation
Changes of Assumptions				
Discount Rate:	3.57%	3.50%	2.21%	2.16%
Mortality:	RP-2014	RP-2014	RP-2014	RP-2014
Trend:	5.00%	5.00%	Variable	Variable

This schedule is intended to fulfill requirements to present information for a period of 10 years. However, until a full 10 year trend has been compiled, information is presented only for the years for which the required information is available.

There are no assets accumulated in a trust the meets criteria established by Governmental Accounting Standards to pay related benefits. In addition, there are no known factors that can be expected to significantly effect the amounts reported.

# **City of Winnfield**

## **Schedule of Net Pension Liability Data Cost Sharing Retirement Systems**

Retirement System / Measurement Date	Share of Collective		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans
	Net Pension Liability				Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount			
<b>Municipal Employees' Retirement System</b>					
June 30, 2014	0.81802%	2,099,403	1,299,099	161.6%	76.9%
June 30, 2015	0.75412%	2,693,842	1,256,443	214.4%	68.7%
June 30, 2016	0.69976%	2,868,118	1,165,267	246.1%	63.3%
June 30, 2017	0.64412%	2,694,626	999,306	269.6%	63.5%
June 30, 2018	0.54735%	2,266,396	1,204,470	188.2%	65.6%
June 30, 2019	0.65064%	2,718,825	1,224,865	222.0%	64.7%
June 30, 2020	0.61195%	2,645,703	1,171,439	225.9%	64.5%
<b>Firefighters's Retirement System</b>					
June 30, 2014	0.10584%	470,988	234,594	200.8%	76.0%
June 30, 2015	0.10775%	581,539	270,736	214.8%	72.4%
June 30, 2016	0.11037%	721,913	238,513	302.7%	68.2%
June 30, 2017	0.10215%	585,531	245,386	238.6%	73.5%
June 30, 2018	0.10307%	592,855	341,165	173.8%	74.8%
June 30, 2019	0.10457%	654,839	253,370	258.5%	74.0%
June 30, 2020	0.12705%	880,626	316,294	278.4%	72.6%
<b>Municipal Police Employees' Retirement System</b>					
June 30, 2014	0.14954%	935,553	369,535	253.2%	75.1%
June 30, 2015	0.12931%	1,012,970	309,727	327.1%	70.7%
June 30, 2016	0.10773%	1,009,771	319,192	316.4%	66.0%
June 30, 2017	0.11503%	1,004,252	331,073	303.3%	70.1%
June 30, 2018	0.11356%	960,001	297,008	323.2%	71.9%
June 30, 2019	0.05571%	505,913	174,149	290.5%	71.0%
June 30, 2020	0.07931%	732,991	248,444	295.0%	70.9%

**Notes to Schedule:**

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

# **City of Winnfield**

## **Schedule of Employer Contributions Cost Sharing Retirement Systems**

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
<b>Municipal Employees' Retirement System</b>					
June 30, 2014	256,203	256,203	-	1,299,099	19.72%
June 30, 2015	246,878	246,878	-	1,256,443	19.65%
June 30, 2016	266,122	266,122	-	1,165,267	22.84%
June 30, 2017	245,959	245,959	-	999,306	24.61%
June 30, 2018	313,162	313,162	-	1,204,470	26.00%
June 30, 2019	318,465	318,465	-	1,224,865	26.00%
June 30, 2020	325,074	324,572	502	1,171,439	27.71%
<b>Firefighters's Retirement System</b>					
June 30, 2014	66,979	66,979	-	234,594	28.55%
June 30, 2015	67,814	67,814	-	270,736	25.05%
June 30, 2016	60,250	60,250	-	238,513	25.26%
June 30, 2017	65,118	65,118	-	245,386	26.54%
June 30, 2018	90,255	90,255	-	341,165	26.45%
June 30, 2019	67,143	67,143	-	253,370	26.50%
June 30, 2020	87,772	87,772	-	316,294	27.75%
<b>Municipal Police Employees' Retirement System</b>					
June 30, 2014	108,953	108,953	-	369,535	29.48%
June 30, 2015	89,027	89,027	-	309,727	28.74%
June 30, 2016	109,029	109,029	-	319,192	34.16%
June 30, 2017	95,141	95,141	-	331,073	28.74%
June 30, 2018	95,785	95,785	-	297,008	32.25%
June 30, 2019	56,163	56,163	-	174,149	32.25%
June 30, 2020	80,744	79,612	1,132	248,444	32.04%

**Notes to Schedule:**

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

# **City of Winnfield**

## ***Schedule of Compensation Paid to Board Members For the year ended June 30, 2021***

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George Moss	60,000
Lawanda Holden	10,800
Gerald Hamms	10,800
Sarah Junkin	10,800
Matt Miller	10,800
Teresa Phillips	<u>10,800</u>
Total Compensation	<u><u>\$ 114,000</u></u>

# **City of Winnfield**

## ***Schedule of Compensation, Benefits and Other Payments***

### ***to Agency Head or Chief Executive Officer***

***For the year ended June 30, 2021***

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#### **Agency Head (Mayor) - George Moss**

##### **Purpose:**

Compensation	\$ 60,000
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##### **Benefits**

Health Insurance	9,512
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Payroll Taxes	799
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Retirement	17,700
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Reimbursements	-
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# **City of Winnfield**

**Justice System Funding Schedule - Receiving Entity**  
**As Required by Act 87 of the 2020 Regular Legislative Session -**  
**Cash Basis Presentation**  
**For the Year Ended June 30, 2021**

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	<b>First Six Month Period Ended December 31, 2020</b>	<b>Second Six Month Period Ended June 30, 2021</b>
<b>Receipts From:</b>		
Winnfield City Court Fine Fees - Criminal Court Costs/Fees	<u>9,596</u>	<u>5,182</u>
<b>Subtotal Receipts</b>	<u>9,596</u>	<u>5,182</u>
<b>Ending Balance of Amounts Assessed but Not Received</b>	-	-



February 24, 2023

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*

To the Honorable Mayor  
and the Board of Aldermen  
City of Winnfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Winnfield, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Winnfield's basic financial statements, and have issued our report thereon dated February 24, 2023.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City of Winnfield'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. We consider the deficiency described in the accompanying schedule of findings as item 2021-005 to be a significant deficiency.

**REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City of Winnfield'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 four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001, 2021-002, 2021-003, and 2021-004.

**CITY OF WINNFIELD'S RESPONSE TO FINDINGS**

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

**PURPOSE OF THIS REPORT**

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



ROZIER, MCKAY & WILLIS  
Certified Public Accountants



# **CITY OF WINNFIELD**

## **Summary of Findings**

**June 30, 2021**

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### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

#### Financial Statements

- The Independent Auditor's Report on the financial statements for the City of Winnfield as of June 30, 2021 and for the year then ended expressed opinions as follows.

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Each Major Governmental Fund	Unmodified
Utility Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

- One significant deficiency in internal control was identified in connection with the audit.
- Four instances of noncompliance material to the financial statements of the City of Winnfield were disclosed during the audit.

### **PART II**

#### **FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

#### **FINDING 2021-001: LATE SUBMISSION OF REPORT**

- Criteria: The Louisiana Audit Law requires local auditees to be audited annually, and requires submission of the annual financial report to the Legislative Auditor within six months after the end of the fiscal year
- Condition: The City of Winnfield did not submit its annual financial report within the required deadline.
- Effect: The City was not in compliance with the Louisiana Audit Law.
- Cause: The City experienced some employee turnover from key staff members, in addition to suffering severe hurricane losses during the time period the annual financial report was due.
- Recommendation: We recommend that in the future, the City provides its auditors with financial information in a timely fashion, to enable Audit Law compliance.

# **CITY OF WINNFIELD**

## **Summary of Findings**

**June 30, 2021**

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### **FINDING 2021-002: BUDGET VIOLATION**

- Criteria: State law prohibits unfavorable budget variances from exceeding 5%.
- Condition: In the current year, expenditures and other uses in the general fund exceeded budgeted amounts by more than 5%.
- Effect: The City was not in compliance with the Louisiana Government Budget Act
- Cause: An appropriate amendment was not made to the budget once the City of Winnfield realized that unfavorable variances exceeded 5% of budgeted amounts
- Recommendation: The City of Winnfield should implement policies and procedures to ensure that the budget is amended whenever variances exceed amounts allowed by the Louisiana Government Budget Act.

### **FINDING 2021-003: BOND COVENANTS**

- Criteria: The City is responsible for starting and funding various bank accounts, in accordance with bond indebtedness contracts.
- Condition: The City did not comply with all bond covenants in the current year.
- Effect: Outstanding debt issuances could be called, or new debt issuances could be difficult to obtain in the future.
- Cause: The City experienced turnover with key personnel, and was unaware of some bond covenant requirements.
- Recommendation: We recommend that in consultation with the City's qualified bond counsel and auditor, the City should identify each bond covenant, and establish and fund all required accounts.

### **FINDING 2021-004: UTILITY RATES**

- Criteria: The City of Winnfield passed various utility ordinances, which set the price at which utility services are to be charged to users of the system.
- Condition: The City did not charge commercial users of its electric distribution system the rate that was set by ordinance.
- Effect: The City lost revenue by charging a rate less than the authorized rate.
- Cause: The City's utility software program was not programmed with the appropriate rate, which caused the under billing.

# **CITY OF WINNFIELD**

## **Summary of Findings**

**June 30, 2021**

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- Recommendation: We recommend that the City immediately adjust Utility Rates to the appropriate amount, and charge commercial customers the appropriate rate.

### **FINDING 2021-005: ACCOUNTING PRACTICES AND FINANCIAL REPORTING**

- Criteria: To foster accountability over financial reporting, the City's accounting system should contain several elements, including readily available documentation, proper classification of transactions, appropriate cash management, and the production of timely, relevant financial reports to management.
- Condition: The City was not able to produce timely, relevant financial reports to enable management to make financial decisions, had significant difficulty balancing interfund transactions, and significantly over drafted a checking account at the end of the fiscal year.
- Effect: The City's management does not always have the timely, relevant financial information needed to make decisions in a well-considered manner.
- Cause: Coordination with the City's outside accounting firm was difficult due to the hurricanes that caused significant damage to the City, as well as turnover in key accounting positions.
- Recommendation: We recommend that the City implement monitoring activities, including the institution of monthly finance committee meetings, to ensure that financial reporting is properly performed. In addition, we suggest that the City coordinate with the outside accounting firm to dictate clearly defined roles for internal personnel and the external firm.

# **CITY OF WINNFIELD**

## **Management's Corrective Action Plan**

**June 30, 2021**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>2021-001: Late Submission of Report</u></b> The City did not comply with the Louisiana Audit Law, and submitted its annual audit more than six months after the close of the fiscal year.</p>	<p><b><u>2021-001: Response</u></b> The City is making every effort to catch up on delinquent audits. We believe that we have crafted a workable plan with our current auditor to enable us to catch up all delinquent audits by June 30, 2023.</p>
<p><b><u>2021-002: Local Government Budget Act</u></b> The City experienced unfavorable Budget Variances in excess of amounts allowed by the Louisiana Local Government Budget Act</p>	<p><b><u>2021-002: Response</u></b> In the future we will monitor our budget more closely, to ensure budgetary compliance.</p>
<p><b><u>2021-003: Bond Covenants</u></b> The City was not in compliance with bond covenant requirements, including the maintenance and funding of a variety of accounts.</p>	<p><b><u>2021-003: Response</u></b> We have reviewed our outstanding bond covenants, and believe that once we have resolved our outstanding audits, we will be able to remain in compliance with the other requirements.</p>
<p><b><u>2021-004: Utility Rates</u></b> The City did not charge commercial users of its electric distribution system the rate that was set by ordinance.</p>	<p><b><u>2021-001: Response</u></b> Upon discovery of the issue, we immediately began the process of changing our utility software to charge all customers the appropriate rate.</p>
<p><b><u>2021-005: Accounting Practices and Financial Reporting</u></b> The City was not able to produce timely, relevant financial reports to enable management to make financial decisions, had significant difficulty balancing interfund transactions, and significantly over drafted a checking account at the end of the fiscal year.</p>	<p><b><u>2021-005: Response</u></b> We had extraordinary difficulty due to the landfall of Hurricane Laura and Delta, especially considering their close proximity. We have since recovered, and have implemented systems that enable regular financial reporting.</p>
<b>SECTION II</b>	
<b>MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p>No Findings of this nature.</p>	<p>No response necessary</p>

# **CITY OF WINNFIELD**

## **Schedule of Prior Year Findings**

**June 30, 2021**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>2020-001: Employee Insurance Withholdings</u></b> The City did not properly calculate payroll deductions, which caused certain employees to be overpaid and other employees to be underpaid	<b><u>Resolved</u></b>
<b><u>2020-002: Late Submission of Report</u></b> The City did not comply with the Louisiana Audit Law, and submitted its annual audit more than six months after the close of the fiscal year.	<b><u>Not Resolved</u></b> See Current Year Finding 2021-001
<b><u>2020-003: Local Government Budget Act</u></b> The City experienced unfavorable Budget Variances in excess of amounts allowed by the Louisiana Local Government Budget Act	<b><u>Not Resolved</u></b> See Current Year Finding 2021-002
<b><u>2020-004: Bond Covenants</u></b> The City was not in compliance with bond covenant requirements, including the maintenance and funding of a variety of accounts.	<b><u>Not Resolved</u></b> See Current Year Finding 2021-003
<b><u>2020-005: Utility Rates</u></b> The City did not charge commercial users of its electric distribution system the rate that was set by ordinance.	<b><u>Not Resolved</u></b> See Current Year Finding 2021-004
<b>SECTION II</b>	
<b>MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
No Findings of this nature.	No response necessary