

CITY OF MINDEN, LOUISIANA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

CITY OF MINDEN, LOUISIANA
Annual Financial Report
As of and for the Year Ended September 30, 2020

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WISE, MARTIN & COLE, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

601 Main Street P. O. Box 897
Minden, Louisiana 71058-0897
(318) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA
KRISTINE H. COLE, CPA

KRISTIE K. MARTIN, CPA
HANNAH M. COLVIN, CPA

CARLOS E. MARTIN, CPA (2020)

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the City Council
City of Minden, Louisiana

Report on the Financial Statements

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 Minden, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Minden, Employee Benefit Plan & Trust, which represent 69% and 100%, respectively of the assets and net position of the fiduciary funds. Those financial statements for this fiduciary fund were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Minden, Employee Benefit Plan & Trust Fund is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported within the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, deferred outflows/inflows, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Minden, Louisiana as of September 30, 2020, or the changes in financial position thereof the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of September 30, 2020, and the respective changes in financial position and cash flows, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison schedules, Condition Rating of the City's Street System, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Employer Contributions on pages 5-14 and 80-92 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minden, Louisiana's basic financial statements. The accompanying supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects in relation to the financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 30, 2021, on our consideration of the City of Minden, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

Wise Martin & Cole LLC

Minden, Louisiana

July 30, 2021



Terry L. Gardner, Mayor
www.mindenusa.com

520 Broadway • P . O. Box 580 • Minden, Louisiana 71058 • Telephone (318) 377-2144 • Fax (318) 371-4200

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the City of Minden, Louisiana's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements, which begin on page 16.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$37 million.
- During the year, the expense of the City's governmental activities exceeded revenues by \$3.4 million dollars before transfers. Last year, expenses exceeded revenues by \$3.55 million.
- The City's total revenues were \$3.7 million less than prior year. The decreases occurred in the business-type activities.
- The total cost of all of the City's programs was approximately \$32.9 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 16-17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 16. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the City's financial health, or *financial position*.



Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, sanitation and health, highway and streets, economic development, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and electrical systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 18. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes (like street improvements) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like sales taxes restricted for specific use). The City's two kinds of funds –*governmental* and *proprietary* use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

The City is the trustee, or fiduciary, for the Police Bond fund and the Pension Benefit Trust fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 26. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

THE CITY AS A WHOLE

The City's *combined* net position decreased by \$1.2 million. In contrast, last year's net position increased by \$1.48 million. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

(Table 1)
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 11,419,984	\$ 9,707,066	\$ 13,463,375	\$ 14,598,681	\$ 24,883,359	\$ 24,305,747
Capital assets	<u>23,730,816</u>	<u>24,516,490</u>	<u>18,016,161</u>	<u>19,230,090</u>	<u>41,746,977</u>	<u>43,746,580</u>
Total assets	<u>35,150,800</u>	<u>34,223,556</u>	<u>31,479,536</u>	<u>33,828,771</u>	<u>66,630,336</u>	<u>68,052,327</u>
Deferred outflows	<u>3,153,945</u>	<u>3,200,081</u>	<u>1,100,615</u>	<u>1,157,895</u>	<u>4,254,560</u>	<u>4,357,976</u>
Other liabilities	1,416,167	754,667	2,284,097	2,603,004	3,700,264	3,357,671
Long-term liabilities	<u>17,021,707</u>	<u>20,485,411</u>	<u>8,165,807</u>	<u>9,315,755</u>	<u>25,187,514</u>	<u>29,801,166</u>
Total liabilities	<u>18,437,874</u>	<u>21,240,078</u>	<u>10,449,904</u>	<u>11,918,759</u>	<u>28,887,778</u>	<u>33,158,837</u>
Deferred inflows	<u>3,741,918</u>	<u>744,173</u>	<u>1,138,936</u>	<u>162,381</u>	<u>4,880,854</u>	<u>906,554</u>
Net position:						
Invested in capital assets, net of related debt	22,960,641	23,326,866	16,777,095	17,814,532	39,737,736	41,141,398
Restricted	4,634,342	4,055,923	-	-	4,634,342	4,055,923
Unrestricted	<u>(11,470,030)</u>	<u>(11,943,403)</u>	<u>4,214,216</u>	<u>5,090,994</u>	<u>(7,255,814)</u>	<u>(6,852,409)</u>
Total net position	\$ <u>16,124,953</u>	\$ <u>15,439,386</u>	\$ <u>20,991,311</u>	\$ <u>22,905,526</u>	\$ <u>37,116,264</u>	\$ <u>38,344,912</u>

The largest portion of the City of Minden's net position totaling approximately \$39.7 million reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Minden uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Minden's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities – Net Position

Expenses of the governmental activities exceeded the revenues generated by taxes and program revenues by \$3.41 million. The governmental activities were funded with transfers of \$4.2 million from the City's business type activities. As a result, the net position of governmental activities increased by \$0.75 million.

The restricted net position of the governmental activities represents the portion of net position that is

not available to finance the day-to-day operations. The use of restricted assets is subject to constraints established by a voter-approved city ordinance. Restricted net position increased by \$0.6 million to a total of \$4.6 million, a majority of which is available to finance specific funding for sewer and recreational activities.

Business-type Activities – Net Position

There was a \$1.9 million decrease in the total net position of the business-type activities. Before transferring \$4.2 million (net) to the governmental activities, the business type activities reported a \$2.3 million surplus.

Our analysis that follows separately considers the operations of governmental and business-type activities.

Governmental activities

The total revenues for governmental activities increased slightly by \$0.08 million when compared to prior year revenues. While most categories of revenues decreased during the year, this was offset by an increase in sales tax collections of approximately \$0.33 million.

Overall governmental expenses were \$0.05 million less than last year's expenses. Highway and streets reported an additional \$0.55 million in expenses due to street overlay project performed during the year, while both the general government and parks and recreation reported decreases of approximately \$0.47 million and \$0.20 million respectively.

Business-type activities

This year, revenues exceeded expenses for business-type activities by \$2.3 million before transfers. Last year, the surplus was \$5.4 million before transfers.

When compared to last year's revenues, the total business-type revenues were \$3.8 million less. A portion of the decrease is because prior year revenues included \$1.2 million from the SWEPCO lawsuit settlement (\$0.4 million) and a reimbursement of the power cost adjustment (\$0.8 million).

In addition, the charges to customers for utility services decreased by \$1.62 million. Decreases in the charges for electrical services were \$1.49 million of total \$1.62 million.

There was a decrease in grant funding of the utility system improvements this year. In the prior year, the City reported grant funding of approximately \$0.88 million to fund sewer and electrical improvements, while this year \$0.04 million was recognized for water infrastructure contributed to the City.

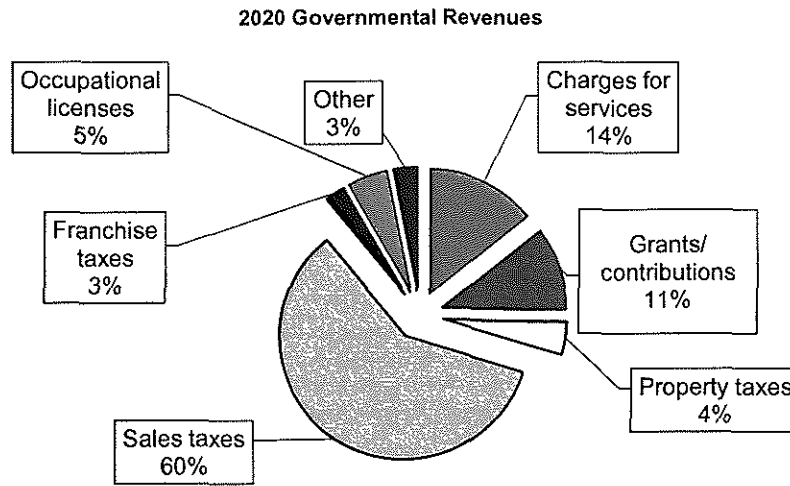
The Utility fund transferred approximately \$4.93 million to the City's General fund and \$0.23 million to the Capital Projects fund for street improvements. The Utility fund received \$1.0 million from the Sewer Plant Sales Tax fund to help cover sewer program expenses.

The total cost of the business type activities programs was approximately \$18.7 million, with 71% of the cost occurring within the electric department. The overall cost of these programs decreased by approximately \$0.71 million. The largest changes in expenses occurred within the electrical department, with the cost of power decreasing by \$0.97 million, and electrical distributions repairs increasing this year by \$0.22 million.

(Table 2)
Changes in Net Position

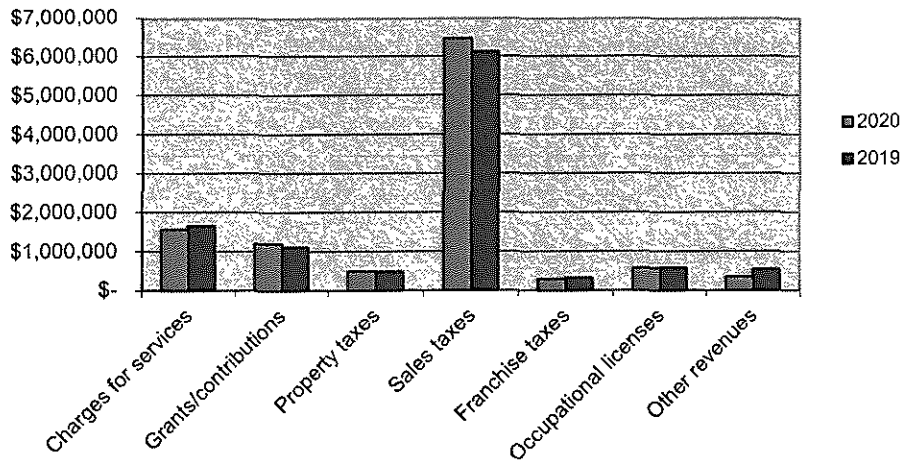
Revenues	Governmental Activities		Business-type Activities		Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program revenues:						
Charges for services	\$ 1,556,324	\$ 1,644,547	\$ 20,405,219	\$ 22,025,484	\$ 21,961,543	\$ 23,670,031
Operating grants/contributions	460,153	455,705	-	-	460,153	455,705
Capital grants/contributions	487,794	417,155	42,977	880,755	530,771	1,297,910
General revenues:						
Property taxes	476,363	476,149	-	-	476,363	476,149
Sales taxes	6,442,948	6,109,488	-	-	6,442,948	6,109,488
Franchise taxes	281,468	311,331	-	-	281,468	311,331
Occupational licenses	555,172	571,251	-	-	555,172	571,251
Other general revenues	<u>574,314</u>	<u>767,418</u>	<u>554,396</u>	<u>1,869,431</u>	<u>1,128,710</u>	<u>2,636,849</u>
Total revenues	<u>10,834,536</u>	<u>10,753,044</u>	<u>21,002,592</u>	<u>24,775,670</u>	<u>31,837,128</u>	<u>35,528,714</u>
Program expenses						
General government	3,006,879	3,479,614	-	-	3,006,879	3,479,614
Public safety	5,323,166	5,419,488	-	-	5,323,166	5,419,488
Highway and streets	1,944,889	1,394,260	-	-	1,944,889	1,394,260
Sanitation and health	942,850	919,269	-	-	942,850	919,269
Parks and recreation	2,164,590	2,360,937	-	-	2,164,590	2,360,937
Public works	813,418	667,362	-	-	813,418	667,362
Interest on long-term debt	48,868	57,826	-	-	48,868	57,826
Water	-	-	2,228,705	2,278,984	2,228,705	2,278,984
Sewer	-	-	1,717,665	1,664,318	1,717,665	1,664,318
Electric	-	-	13,358,625	14,196,309	13,358,625	14,196,309
Other	-	-	<u>1,394,339</u>	<u>1,273,870</u>	<u>1,394,339</u>	<u>1,273,870</u>
Total expenses	<u>14,244,660</u>	<u>14,298,756</u>	<u>18,699,334</u>	<u>19,413,481</u>	<u>32,943,994</u>	<u>33,712,237</u>
Excess (deficiency) before transfers	(3,410,124)	(3,545,712)	2,303,258	5,362,189	(1,106,866)	1,816,477
Transfers	<u>4,161,299</u>	<u>4,053,121</u>	<u>(4,161,299)</u>	<u>(4,053,121)</u>	-	-
Change in net position	751,175	507,409	(1,858,041)	1,309,068	(1,106,866)	1,816,477
Net position, beginning, as originally stated	15,439,386	15,282,356	22,905,526	21,586,512	38,344,912	36,868,868
Prior period adjustment	<u>(65,608)</u>	<u>(350,379)</u>	<u>(56,174)</u>	<u>9,946</u>	<u>(121,782)</u>	<u>(340,433)</u>
Net position, beginning, restated	<u>15,373,778</u>	<u>14,931,977</u>	<u>22,849,352</u>	<u>21,596,458</u>	<u>38,223,130</u>	<u>36,528,435</u>
Net position, end of year	<u>\$ 16,124,953</u>	<u>\$ 15,439,386</u>	<u>\$ 20,991,311</u>	<u>\$ 22,905,526</u>	<u>\$ 37,116,264</u>	<u>\$ 38,344,912</u>

The following chart displays the various types of governmental revenues and their respective percentage of total governmental revenues received as of September 30, 2020:

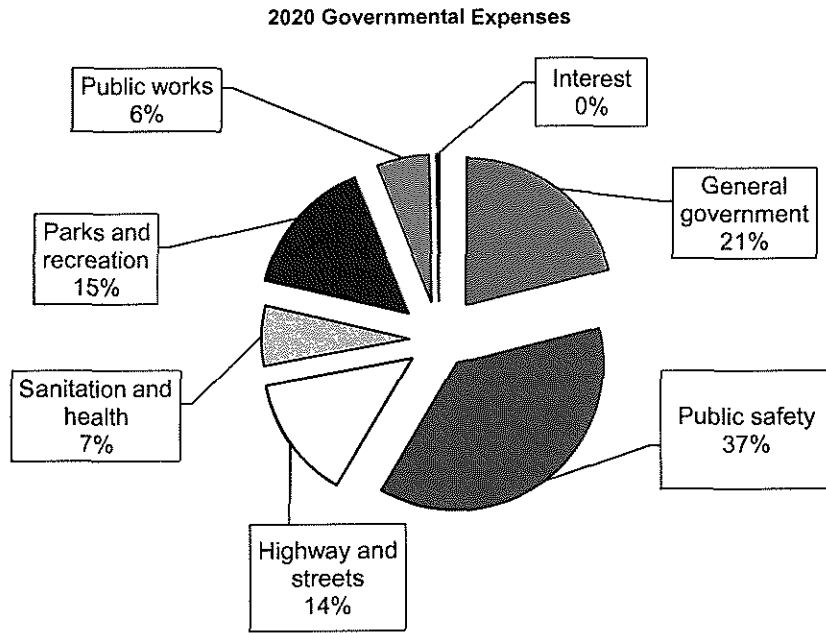


The chart below compares governmental revenues of the current year to the prior year.

Comparison of current year and prior year governmental activity revenues

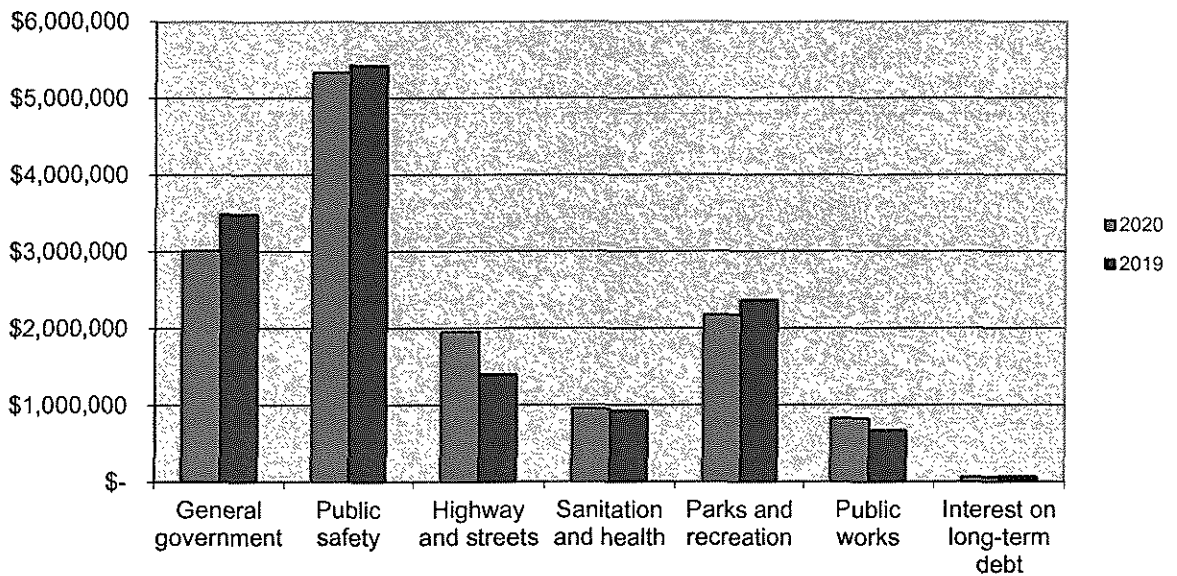


The following chart displays the various types of governmental activity expenses and their respective percentage of total governmental expense received as of September 30, 2020:



The City's largest program expenses during the current year were public safety and general government, which are 37% and 21% of the total governmental type program expense in the current year, respectively. The chart below compares program expenses of the current year to the prior year.

GOVERNMENTAL ACTIVITIES - PROGRAM EXPENSES



THE CITY'S FUNDS

Governmental funds – The focus of the City of Minden's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Minden's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds (as presented in the balance sheet on page 18) reported a combined fund balance of \$9.8 million, increasing by \$1.0 million.

As previously mentioned, City revenues were comparable to prior year. While sales tax revenues increased, franchise taxes, licenses/permits, fees and rentals decreased. There were also decreases in grant revenues funding related to the airport project improvements for the current year.

City expenditures increased from \$13.5 million to \$13.7 million. This year part of the increase in expenditures was due to street improvements made in the current year of over \$0.54 million.

The overall governmental fund activities reported a deficit of \$3.1 million, which was funded by *transfers from other funds*.

The General fund expenditures exceeded its revenues by \$9.2 million. This deficit was funded by transfers of \$4.9 million from the Utility fund, \$3.0 million from the surplus in the Sales Tax fund, and \$1.3 million from the Sewer Plant Sales Tax fund.

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

The Sewer Plant Sales Tax fund transferred in approximately \$1 million to the Utility fund. Those resources are restricted to assist funding the costs of sewerage activities.

The Utility fund transferred approximately \$230,000 to the Capital Projects fund for future street improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City Council amended the budget two times. The first amendment was made to increase the projected federal grant funding and expenditures for airport improvements originally budgeted by \$0.5 million. The second amendment was made to remove the projected federal grant funding and expenditures for the airport project.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of September 30, 2020, the City had \$41.7 million invested in capital assets including police and fire equipment, buildings, park facilities, water, sewer and electric lines. This amount represents a decrease of approximately \$2 million in investments in capital assets.

**City of Minden's Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,942,729	\$ 1,942,729	\$ 322,342	\$ 322,342	\$ 2,265,071	\$ 2,265,071
Construction in progress	538,021	106,158	129,740	40,019	667,761	146,177
Building and improvements	9,948,789	10,350,290	3,237,369	3,602,381	13,186,158	13,952,671
Land improvements other than buildings	7,746,411	8,207,555	12,755,496	13,590,450	20,501,907	21,798,005
Equipment	1,758,156	1,993,236	1,571,214	1,674,898	3,329,370	3,668,134
Infrastructure	<u>1,796,710</u>	<u>1,916,522</u>	-	-	<u>1,796,710</u>	<u>1,916,522</u>
Totals	<u>\$23,730,816</u>	<u>\$24,516,490</u>	<u>\$18,016,161</u>	<u>\$19,230,090</u>	<u>\$ 41,746,977</u>	<u>\$ 43,746,580</u>

Major construction projects undertaken by the City include the following:

	Costs incurred during <u>09/30/2020</u>	Completed cost of project	Grant recognized as of <u>09/30/20</u>
Airport Lighting	\$ 47,400	Not completed	\$ 47,400*
Water Main Improvements	81,544	Not completed	-
Chestnut Street Water Improvements	5,464	Not completed	-
Water Plant Improvements	2,714	Not completed	-
Airport Obstruction Removal	8,300	Not completed	8,300*
Airport Rehab Runway	<u>376,163</u>	Not completed	376,058*
	<u>\$ 521,585</u>		

* The City was awarded federal and state grants to reimburse all or a portion of the cost of the projects as expenses are incurred.

Only bridges owned by the City are capitalized as infrastructure. The City has elected to report its system of streets under the modified approach. Neither their historical cost nor related depreciation has been reported in the financial statements. There were no significant changes in the assessed condition of infrastructure assets eligible under the modified approach. The current assessed condition of roads is comparative with the condition level the City has established.

Debt

At year-end, the City had \$350,000 in debt as compared to \$685,000 last year.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds (backed by taxes & City)	\$ 350,000	\$ 685,000	\$ -	\$ -	\$ 350,000	\$ 685,000

More detailed information about the City's long-term liabilities is presented in Note 13 to the financial statements.

COMPONENT UNITS

The City has chosen not to include the following component units in the basic financial statements: City Court of Minden and Minden City Marshal. Separate financial statements for each of these component units can be obtained by contacting the component unit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budget figures for the new fiscal year are based on efforts to stimulate the economy through the increase of economic development activities. In reference to sales tax collections, a conservative budget proposal was applied. The City will maintain the high service levels for fiscal year 2020/2021 without any major rate and service fee increases in the near future. Personnel expenditures continue to rise.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's office at 520 Broadway, Minden, Louisiana.

BASIC FINANCIAL STATEMENTS

CITY OF MINDEN, LOUISIANA
Statement of Net Position
September 30, 2020

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 6,106,974	\$ 2,071,288	\$ 8,178,262
Investments	3,709,802	5,851,506	9,561,308
Receivables	755,512	3,046,239	3,801,751
Due from other governments	395,615	-	395,615
Due from other funds	55,512	-	55,512
Internal balances	(69,353)	69,353	-
Inventory	25,422	1,577,077	1,602,499
Prepays	113,460	106,615	220,075
Restricted assets - noncurrent:			
Cash and cash equivalents	327,040	737,130	1,064,170
Investments	-	4,167	4,167
Capital assets:			
Land and construction in progress	2,480,750	452,082	2,932,832
Depreciable capital assets, net of depreciation	21,250,066	17,564,079	38,814,145
TOTAL ASSETS	<u>35,150,800</u>	<u>31,479,536</u>	<u>66,630,336</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pensions	2,054,898	713,412	2,768,310
Deferred outflows on OPEB	1,099,047	387,203	1,486,250
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,153,945</u>	<u>1,100,615</u>	<u>4,254,560</u>
LIABILITIES			
Accounts, salaries and other payables	1,408,515	1,399,983	2,808,498
Interest payable	7,652	25,188	32,840
Deposits payable	-	741,297	741,297
Unearned revenue	-	117,629	117,629
Long-term liabilities			
Due within one year	518,188	190,009	708,197
Due in more than one year	656,832	1,285,261	1,942,093
OPEB liability	5,998,515	2,307,976	8,306,491
Net pension liability	9,848,172	4,382,561	14,230,733
TOTAL LIABILITIES	<u>18,437,874</u>	<u>10,449,904</u>	<u>28,887,778</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pensions	657,200	31,602	688,802
Deferred inflows on OPEB	3,084,718	1,107,334	4,192,052
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,741,918</u>	<u>1,138,936</u>	<u>4,880,854</u>
NET POSITION			
Net investment in capital assets	22,960,641	16,777,095	39,737,736
Restricted for:			
Sewerage, recreational facilities, and related debt service	4,227,242	-	4,227,242
Economic development	357,782	-	357,782
Drug enforcement activities	49,318	-	49,318
Unrestricted	(11,470,030)	4,214,216	(7,255,814)
TOTAL NET POSITION	<u>\$ 16,124,953</u>	<u>\$ 20,991,311</u>	<u>\$ 37,116,264</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Activities
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenues	Net (Expenses)/Revenues and Changes of Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government	\$ (3,006,879)	\$ 115,137	\$ 4,080	\$ -	\$ (2,887,662)	\$ (2,887,662)	\$ -	\$ (2,887,662)
Public safety	(5,323,166)	124,232	439,733	-	(4,759,201)	(4,759,201)	-	(4,759,201)
Highway and streets	(1,944,889)	-	15,340	16,000	(1,913,549)	(1,913,549)	-	(1,913,549)
Sanitation and health	(942,850)	1,073,924	-	-	131,074	131,074	-	131,074
Parks and recreation	(2,164,590)	41,247	-	-	(2,123,343)	(2,123,343)	-	(2,123,343)
Public works	(813,418)	201,784	1,000	471,794	(138,840)	(138,840)	-	(138,840)
Interest on long-term debt	(48,868)	-	-	-	(48,868)	(48,868)	-	(48,868)
Total governmental activities	<u>(14,244,660)</u>	<u>1,556,324</u>	<u>460,153</u>	<u>487,794</u>	<u>(11,740,389)</u>	<u>(11,740,389)</u>	<u>-</u>	<u>(11,740,389)</u>
Business-type activities:								
Water	(2,228,705)	2,531,984	-	42,977	346,256	-	346,256	346,256
Sewer	(1,717,665)	1,717,085	-	-	(580)	-	(580)	(580)
Electric	(13,358,625)	16,156,150	-	-	2,797,525	-	2,797,525	2,797,525
Other	(1,394,339)	-	-	-	(1,394,339)	-	(1,394,339)	(1,394,339)
Total business-type activities	<u>(18,699,334)</u>	<u>20,405,219</u>	<u>-</u>	<u>42,977</u>	<u>1,748,862</u>	<u>-</u>	<u>1,748,862</u>	<u>1,748,862</u>
Total primary government	<u>\$ (32,943,994)</u>	<u>\$ 21,961,543</u>	<u>\$ 460,153</u>	<u>\$ 530,771</u>	<u>\$ (9,991,527)</u>	<u>\$ (11,740,389)</u>	<u>\$ 1,748,862</u>	<u>\$ (9,991,527)</u>
General revenues:								
Property taxes levied for general purposes						476,363	-	476,363
Sales taxes						6,442,948	-	6,442,948
Franchise taxes						281,468	-	281,468
Occupational licenses						555,172	-	555,172
Grants and contributions not restricted to specific programs						238,628	68,769	307,397
Investment income						117,549	143,974	261,523
Other general revenues						218,137	341,653	559,790
Transfers						4,161,299	(4,161,299)	-
Total general revenues and transfers						<u>12,491,564</u>	<u>(3,606,903)</u>	<u>8,884,661</u>
Change in net position						751,175	(1,858,041)	(1,106,866)
Net position-beginning, as originally stated						15,439,386	22,905,526	38,344,912
Prior period adjustment						(65,608)	(56,174)	(121,782)
Net position-beginning, restated						<u>15,373,778</u>	<u>22,849,352</u>	<u>38,223,130</u>
Net position-ending						<u>\$ 16,124,953</u>	<u>\$ 20,991,311</u>	<u>\$ 37,116,264</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,299,444	\$ 1,184,403	\$ 1,707,231	\$ 1,242,936	\$ 6,434,014
Investments	667,962	862,126	1,574,708	605,006	3,709,802
Receivables	68,207	340,297	340,297	6,711	755,512
Due from other funds	55,512	-	-	-	55,512
Due from other governments	395,615	-	-	-	395,615
Inventory	25,422	-	-	-	25,422
TOTAL ASSETS	<u>\$ 3,512,162</u>	<u>\$ 2,386,826</u>	<u>\$ 3,622,236</u>	<u>\$ 1,854,653</u>	<u>\$ 11,375,877</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts, salaries, and other payables	\$ 1,408,515	\$ -	\$ -	\$ -	\$ 1,408,515
Due to other funds	69,353	-	-	-	69,353
TOTAL LIABILITIES	<u>1,477,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,477,868</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	85,391	-	-	-	85,391
FUND BALANCES					
Nonspendable	25,422	-	-	-	25,422
Restricted	-	-	3,622,236	1,289,828	4,912,064
Assigned	-	2,386,826	-	564,825	2,951,651
Unassigned	1,923,481	-	-	-	1,923,481
TOTAL FUND BALANCES	<u>1,948,903</u>	<u>2,386,826</u>	<u>3,622,236</u>	<u>1,854,653</u>	<u>9,812,618</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,512,162</u>	<u>\$ 2,386,826</u>	<u>\$ 3,622,236</u>	<u>\$ 1,854,653</u>	<u>\$ 11,375,877</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

September 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances, total governmental funds (Statement C)	\$ 9,812,618
Some receivables are not available to pay the current period expenditures and, therefore are deferred in the fund financial statements	85,391
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements	23,730,816
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the fund financial statements	
Prepaid assets	113,460
Deferred outflows/inflows related to pensions and OPEB are not due and payable in the current period and accordingly not recorded in the fund financial statements	
Deferred outflows on pensions	2,054,898
Deferred outflows on OPEB	1,099,047
Deferred inflows on pensions	(657,200)
Deferred inflows on OPEB	(3,084,718)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term are reported in the Statement of Net Position.	
Accrued interest payable	\$ (7,652)
Compensated absences	(426,941)
Bonds payable	(350,000)
Capital lease obligation	(398,079)
Pension liability	(9,848,172)
OPEB obligation	<u>(5,998,515)</u> <u>(17,029,359)</u>
Net position of governmental activities (Statement A)	<u>\$ 16,124,953</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2020

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem	\$ 480,915	\$ -	\$ -	\$ -	\$ 480,915
Sales and use	-	3,173,317	3,173,017	96,614	6,442,948
Franchise	283,377	-	-	-	283,377
Other	94,364	-	-	-	94,364
Licenses and permits	638,125	-	-	-	638,125
Fees and rentals	145,267	-	-	-	145,267
Charges for services	1,207,657	-	-	-	1,207,657
Intergovernmental revenues:					
Federal grants	564,917	-	-	-	564,917
State/Parish	364,698	-	-	-	364,698
Other	20,355	-	-	-	20,355
Fines and forfeitures	120,504	-	-	3,728	124,232
Investment earnings	26,509	30,014	47,668	13,358	117,549
Other revenues	123,262	-	-	-	123,262
Total revenues	<u>4,069,950</u>	<u>3,203,331</u>	<u>3,220,685</u>	<u>113,700</u>	<u>10,607,666</u>
EXPENDITURES					
Current:					
General government	2,757,545	40,990	40,145	6,578	2,845,258
Public safety	5,027,579	-	-	18,103	5,045,682
Highways and streets	1,778,600	-	-	-	1,778,600
Sanitation and health	942,742	-	-	-	942,742
Parks and recreation	1,797,912	-	-	-	1,797,912
Public works	338,649	-	-	-	338,649
Capital outlay	481,434	-	-	-	481,434
Debt service:					
Principal	122,971	-	-	335,000	457,971
Interest and other charges	20,500	-	-	17,000	37,500
Total expenditures	<u>13,267,932</u>	<u>40,990</u>	<u>40,145</u>	<u>376,681</u>	<u>13,725,748</u>
Excess (deficiency) of revenues over (under) expenditures	(9,197,982)	3,162,341	3,180,540	(262,981)	(3,118,082)
OTHER FINANCING SOURCES (USES)					
Transfers in	9,302,252	-	-	590,137	9,892,389
Transfers out	-	(3,032,600)	(2,698,490)	-	(5,731,090)
Sale of assets	60	-	-	-	60
Total other financing sources (uses)	<u>9,302,312</u>	<u>(3,032,600)</u>	<u>(2,698,490)</u>	<u>590,137</u>	<u>4,161,359</u>
Net change in fund balances	104,330	129,741	482,050	327,156	1,043,277
Fund balances - beginning, originally stated	1,910,181	2,257,085	3,140,186	1,527,497	8,834,949
Prior period adjustment	(65,608)	-	-	-	(65,608)
Fund balances - beginning, restated	<u>1,844,573</u>	<u>2,257,085</u>	<u>3,140,186</u>	<u>1,527,497</u>	<u>8,769,341</u>
Fund balances - ending	<u>\$ 1,948,903</u>	<u>\$ 2,386,826</u>	<u>\$ 3,622,236</u>	<u>\$ 1,854,653</u>	<u>\$ 9,812,618</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

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

For the Year Ended September 30, 2020

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

Net change in fund balances, total governmental funds, Statement E	\$ 1,043,277
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(785,674)
Revenues in the Statement of Activities that do not provide current resources are not reported as revenues in the fund financial statements	4,485
The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid.	(17,773)
The Statement of Activities reflects the effects of other post-employment benefits, which is based on an actuarial amount that is increased over an amortized period and decreased for amounts actually paid during the year. The governmental funds reflect only the payments made as current year expenditures. This year, the change in OPEB liability was:	4,442
The Statement of Activities recognizes compensated absences (vacations and sick leave) by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used, essentially the amounts actually paid. This year, the change in compensated absences was:	(8,391)
The issuance of long-term debt (bonds, capital leases, etc.) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	441,545
Other expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Prepaid assets	\$ 64,806
Accrued interest on long-term debt	4,458
	<u>69,264</u>
Change in net position of governmental activities, Statement B	<u>\$ 751,175</u>

The accompanying notes are an integral part of this statement.

STATEMENT G

CITY OF MINDEN, LOUISIANA
Statement of Net Position, Proprietary Funds
September 30, 2020

	Business Type Activities - Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,071,288
Investments	5,851,506
Accounts receivable, net of allowance	3,046,239
Due from other funds	69,353
Inventory	1,577,077
Prepays	106,615
Total current assets	<u>12,722,078</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing bank deposits	737,130
Investment	4,167
Capital assets:	
Land	322,342
Construction in progress	129,740
Plant and equipment	62,229,397
Less: accumulated depreciation	<u>(44,665,318)</u>
Total noncurrent assets	<u>18,757,458</u>
Total assets	<u>31,479,536</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on pensions	713,412
Deferred outflows on OPEB	<u>387,203</u>
Total deferred outflows of resources	<u>1,100,615</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,399,983
Accrued interest	25,188
Unearned revenue	117,629
Compensated absences	7,350
Capital lease obligations	<u>182,659</u>
Total current liabilities	<u>1,732,809</u>
Current liabilities payable from restricted assets	<u>741,297</u>
Noncurrent liabilities:	
Compensated absences payable	228,855
Capital lease obligations	1,056,406
Other postemployment benefit payable	2,307,976
Net pension liability	<u>4,382,561</u>
Total noncurrent liabilities	<u>7,975,798</u>
Total liabilities	<u>10,449,904</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pensions	31,602
Deferred inflows on OPEB	<u>1,107,334</u>
Total deferred inflows of resources	<u>1,138,936</u>
NET POSITION	
Invested in capital assets	16,777,095
Unrestricted	<u>4,214,216</u>
Total net position	<u>\$ 20,991,311</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	Business Type Activities - <u>Utility Fund</u>
OPERATING REVENUES	
Charges for services	
Electric	\$ 15,910,981
Water	2,531,984
Sewerage	1,717,085
Penalties/service charges	186,671
Other charges and fees	309,816
Miscellaneous	<u>159,104</u>
Total operating revenues	<u>20,815,641</u>
OPERATING EXPENSES	
Purchase of power	10,546,299
Personnel services	2,768,339
Materials and supplies	312,195
Insurance claims and expenses	786,394
Repairs and maintenance	1,324,253
Other services and charges	1,319,004
Bad debt expenses	171,655
Depreciation	<u>1,418,238</u>
Total operating expenses	<u>18,646,377</u>
Operating income	2,169,264
NONOPERATING REVENUES (EXPENSES)	
Interest income	143,974
Investment expenses	(6,786)
Interest expense	<u>(46,171)</u>
Total nonoperating revenues and expenses	<u>91,017</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,260,281
Capital contributions	42,977
Transfers in	1,003,602
Transfers out	<u>(5,164,901)</u>
CHANGE IN NET POSITION	(1,858,041)
Net position - beginning, as originally stated	22,905,526
Prior period adjustment	<u>(56,174)</u>
Net position - beginning, restated	<u>22,849,352</u>
Net position - ending	<u><u>\$ 20,991,311</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statements of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Business Type Activities -
	<u>Enterprise Funds</u>
	<u>Utility Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 20,775,696
Other operating cash receipts	539,114
Cash payments for supplies and services	(14,912,645)
Cash payments to employees for service	<u>(2,698,304)</u>
Net cash provided by operating activities	<u>3,703,861</u>
Cash flows from noncapital financing activities:	
Interfund transfer and loans	(4,161,299)
Net increase in meter deposits	<u>10,485</u>
Net cash (used) for noncapital financing activities	<u>(4,150,814)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(339,702)
Capital grants	189,423
Payment on capital lease obligation	(176,493)
Interest expense	<u>(49,827)</u>
Net cash (used) for capital and related financing activities	<u>(376,599)</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	(400,000)
Interest on interest-bearing deposits	<u>30,457</u>
Net cash (used) by investing activities	<u>(369,543)</u>
Net (decrease) in cash and cash equivalents	(1,193,095)
Cash and cash equivalents at beginning of year	<u>4,001,513</u>
Cash and cash equivalents at end of year	<u>\$ 2,808,418</u>

The accompanying notes are an integral part of this statement.

	Business Type Activities - <u>Enterprise Funds</u> <u>Utility Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 2,169,264
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,418,238
Bad debt	171,655
Changes in assets and liabilities -	
Decrease (increase) in accounts receivable	95,684
Decrease (increase) in accounts receivable - other	380,010
Decrease (increase) in inventory	(295,082)
Decrease (increase) prepaids	(80,858)
Decrease (increase) deferred outflows	57,280
Increase (decrease) in accounts payable	(259,548)
Increase (decrease) in interfund payable	(11,889)
Increase (decrease) in accrued compensated absences	28,653
Increase (decrease) in unearned revenue	24,912
Increase (decrease) deferred inflows	976,555
Increase (decrease) retirement payable	219,367
Increase (decrease) in net OPEB obligation	<u>(1,190,380)</u>
Net cash provided by operating activities	<u>\$ 3,703,861</u>

Noncash capital activities:

During the year, the City received a donation of an extension to the water line valued at \$42,977. The acquisition did not involve cash receipt or cash payments, and therefore are not reflected in the Statement of Cash Flows.

STATEMENT J

CITY OF MINDEN, LOUISIANA
Statement of Fiduciary Net Position
September 30, 2020

	<u>Pension Trust Funds (3/31/20)</u>	<u>Agency Fund - Police Bond Fund</u>
ASSETS		
Cash	\$ 385,087	\$ 169,405
Total assets	<u>\$ 385,087</u>	<u>\$ 169,405</u>
LIABILITIES		
Claims payable	\$ 37,263	\$ -
Claims incurred but not reported	262,876	-
Due to the general fund	-	55,512
Due to other governmental units	<u>-</u>	<u>113,893</u>
Total liabilities	<u>300,139</u>	<u>169,405</u>
EXCESS OF NET POSITION AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	<u>\$ 84,948</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

STATEMENT K

CITY OF MINDEN, LOUISIANA
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended March 31, 2020

NET (INCREASE) IN BENEFIT OBLIGATIONS

(Increase) decrease during the year attributable to:

Claims payable	\$ 3,073
Claims incurred but not reported	<u>(41,794)</u>
NET DECREASE (INCREASE) IN BENEFIT OBLIGATIONS	<u>(38,721)</u>

NET (DECREASE) IN NET POSITION AVAILABLE FOR BENEFITS

Additions to plan assets attributable to:

Sponsor contributions	2,308,174
Participant contributions	539,578
Retiree contributions	160,759
COBRA contributions	13,418
Miscellaneous	<u>5,921</u>
TOTAL ADDITIONS	<u>3,027,850</u>

Deductions from plan assets attributable to:

Benefits paid to participants	1,972,298
Payments for insurance premiums	751,875
Administrative expenses	<u>57,063</u>
TOTAL DEDUCTIONS	<u>2,781,236</u>

NET INCREASE (DECREASE) IN NET POSITION AVAILABLE FOR BENEFITS

246,614

INCREASE IN EXCESS OF NET POSITION AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS

207,893

EXCESS (DEFICIT) OF NET POSITION AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS

BEGINNING OF YEAR	<u>(122,945)</u>
END OF YEAR	<u>\$ 84,948</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Minden, Louisiana (the City) was incorporated in 1928 under the provisions of Act No. 226 of the 1928 Special Acts of Louisiana Legislature. The City is located in the Parish of Webster in the northwest corner of the State of Louisiana. Elected officials of the City of Minden are a mayor, five (5) aldermen, and a chief of police, all of whom serve four-year terms. The affairs of the City are conducted and managed by the mayor and board of aldermen, referred to as "The Council." The City provides a full range of municipal services as authorized by its charter. These include public safety (police and fire), street, water, electric, sewerage, sanitation and health, zoning and general administrative services.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are described below.

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 that are fiscally dependent on the City and there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens 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 aforementioned criteria, the City has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal</u> <u>Year End</u>	<u>Criteria</u> <u>Used</u>
City Court of Minden	December 31	2 and 3
Minden City Marshal	December 31	2 and 3

The City has chosen not to include the component units listed above in the basic financial statements; however, these are necessary in order for the City to be reporting in conformity with GAAP. Separate financial statements for each of these component units can be obtained by contacting the component unit. If these component units were included, it would be through discrete presentation.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

The financial activity of the Minden Historic Downtown Development District Commission is reported within the City's General fund. The Commission is not reported as a component unit of the City because they do not have separate corporate powers that would distinguish them as being legally separate from the primary government, primarily due to the fact that the Commission does not have the right to buy, sell, lease and mortgage property in its own name. Furthermore, it was determined that the City holds the Commission's corporate powers.

B. Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, streets, sanitation and health, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's electric, water and sewer services are classified as business-type activities.

Government-wide Financial Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

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

Program revenues Program revenues included in the Statement of Activities include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues

Allocation of indirect expenses The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported separately in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

C. Funds

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The emphasis in fund financial statements is on the major funds in either the governmental and business-type activities categories. Nonmajor funds by category are summarized into a single column.

The following fund types are used by the City:

1. Governmental funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports the following governmental funds:

- a. General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.
- c. Debt service funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest.
- d. Capital project fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

The municipality reports the following major governmental funds:

The General fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sales Tax fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective August 1, 1967.

The Sales Tax fund – Sewerage System Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective December 1, 1984. By special election held April 15, 2000, the City rededicated and renewed the levy of this one percent (1%) sales and use tax.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

2. Proprietary funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The municipality reports the following major proprietary funds:

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

3. Fiduciary funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support City programs. Fiduciary reporting focus is on net position and changes in net position and are reported using the accrual basis of accounting. The City reports the following fiduciary funds:

- a. Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for other in an agency capacity. The agency fund includes the Police Bond fund which accounts for fines and bonds held by the City as an agent for individuals and other governments.
- b. Pension (and other employee benefit) Trust Fund is used to report resources and activities when the City is acting as a trustee for individuals. The Pension Trust Fund is used to account for medical, dental, vision, life and accidental death benefits covering substantially all employees.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

D. Basis of Accounting

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

1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other revenues are recognized when earned, and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Revenues from expenditure-driven grants are considered to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Revenues

- Ad valorem taxes (property) are recorded in the year they are assessed. Property taxes are assessed on a calendar-year basis and become due on the date November 15 of each year and become delinquent on December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.
- Sales taxes are recognized when received by the City's collections agent, the Webster Parish Sales & Use Tax Commission.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year end.)
- Fines, forfeitures, licenses and permits are considered measurable and available when they are collected.
- Interest income on investments is recorded when earned and the income is available.
- Substantially all other revenue items are recorded when they are considered to be measurable and available to the City.

Other Financing Sources (Uses)

Sales of fixed assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

E. Deposits and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit with an original maturity of less than 90 days. Cash and cash equivalents are stated at cost.

Louisiana Revised Statutes and the City's investment policy govern the types of allowable securities to be purchased by the municipality. The City of Minden is authorized to invest in the following types of investments:

- 1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
- 2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S.
- 3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities which are federally sponsored
- 4) Bonds, debentures, notes or other evidence of indebtedness issued by the State of Louisiana or any of its political subdivisions.
- 5) Collateralized mortgage obligations which have not been stripped into interest only or principal only obligations
- 6) Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the state of Louisiana

These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, franchise taxes, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days, when considered both measurable and available.

G. Elimination and Reclassification

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds.” While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s utility fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

H. Inventories and Prepaid Items

Inventory items are valued using the weighted average method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Inventories in each fund are generally composed of the following items:

- General Fund - Gasoline
- Utility Fund - Electric, water and sewer repair and maintenance items

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Roads, bridges, and infrastructure	25-50 years
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	5-15 years

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Infrastructure being reported on includes bridges owned by the City during the current year. Of the remaining infrastructure, neither the historical cost nor related depreciation has historically been reported in the financial statements. The City has elected to report its system of streets under the modified approach.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

The Statement of Net Position reports the City’s proportionate share of the deferred outflows of resources related to pensions and other post-employment benefits. See Note 11 and Note 17 for more information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has two items that qualify for reporting in this category. The Statement of Net Position reports the City’s proportionate share of the deferred inflows of resources related to pensions and other post-employment benefits. See Note 11 and Note 17 for more information.

The governmental funds balance sheet reports unavailable revenues from amounts which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

K. Compensated Absences

The City's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave. The only provision for vested benefits is that municipal employees, with the exception of employees of the police and fire department who are covered by Civil Service requirements, may carry forward no more than the maximum accruable amount for any vacation year. All employees do not have the option of foregoing vacation and being paid in lieu thereof. The entire accrued vacation liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City's policy regarding sick time permits full-time employees to accrue sick leave at the rate of eighty (80) hours per year, effective on the first day of full-time employment. Sick time may be carried over from year to year. Upon retirement, the employee will be reimbursed for fifty (50) percent of his/her accrued sick leave at his/her regular hourly rate of pay. Total reimbursement cannot exceed 500 hours. All sick leave hours used in the two years prior to retirement date will be deducted from the fifty (50) percent accrual prior to reimbursement. There is no provision for reimbursement of accrued sick leave for termination other than retirement. The liability for sick leave accrual is recorded as long-term debt in the government-wide financial statements.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premium and discounts, as well as issuance costs related to prepaid insurance, are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at issuance, except for those related to prepaid insurance, which are recorded as prepaids in the Statement of Net Position.

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

M. Defining Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for electrical, water and sewerage services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

N. Restricted Net Position

For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exists:

- Restrictions are externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Restrictions are imposed by law through constitutional provision or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

The government-wide statement of net position reports \$4,634,342 of restricted net position, of which \$3,980,018 is restricted by enabling legislation.

O. Fund Equity of Fund Financial Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. In the fund financial statements, fund balances are classified as follows:

- a. Nonspendable fund balance - amounts that are not in a spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories.
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c. Committed fund balance - amounts constrained to specific purposes determined by the City itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint. The City Council establishes (and modified or rescinds) fund balance commitments by passage of an ordinance or resolution.
- d. Assigned fund balance - amounts that the City intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City's policy does not address assignment of fund balance. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

- e. Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the General fund. The City has not adopted a policy to maintain the General fund's unassigned fund balance above a certain minimum level.

The City reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City considers restricted amounts to have been spent when an expenditure has incurred for purposes for which both restricted and unrestricted fund balance are available.

P. Estimates

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

Q. Pension plan

The City is a participating employer in several cost-sharing, multiple employer, defined benefit pension plans as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) The City Clerk prepares a proposed budget and submits same to the Mayor and the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Council.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Council.

3. CASH AND CASH EQUIVALENTS

At September 30, 2020, the carrying amount of the City's deposits, excluding its fiduciary fund was \$9,242,432.

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

At September 30, 2020, the City's bank balances, including its fiduciary funds and certificates of deposits, totaled \$15,086,176. These deposits are secured from risk by \$1,518,356 of federal deposit insurance and \$16,715,744 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

4. INVESTMENTS

As of September 30, 2020, the City's reporting entity had the following investments:

<u>Types of investments</u>	<u>%</u>	<u>Credit rating</u>	<u>Total Fair Value/ Carrying Amount</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Weighted Average Months to Maturity</u>
Money market funds - LAMP	5	AAAm	\$ 505,388	\$ 34,135	\$ 471,253	
UBS Cash Fund, Inc.	0	<i>a</i>	4,167	-	4,167	<i>a</i>
U.S. Government Sponsored Enterprises:						
Federal National Mortgage Association	5	AA+	480,298	10,235	470,063	34.05
Federal Home Loan Mortgage Corporation	6	AA+	576,404	100,190	476,214	31.03
Federal Farm Credit Bank	15	AA+	1,411,917	203,736	1,208,181	25.62
Federal Home Loan Bank	4	AA+	426,089	-	426,089	31.58
State Bonds	5	AA-	515,833	-	515,833	28.38
US Treasury Note	4	AA+	399,998	-	399,998	20.90
Municipal Bonds	4	<i>b</i>	399,114	-	399,114	94.84
U.S. Agency Collateralized						
Mortgage Obligations	0	<i>a</i>	-	-	-	<i>a</i>
Certificates of deposit	<u>51</u>		<u>4,846,267</u>	<u>3,361,506</u>	<u>1,484,761</u>	
Total investments	<u>100</u>		<u>\$ 9,565,475</u>	<u>\$ 3,709,802</u>	<u>\$ 5,855,673</u>	

a No specific maturity date available due to the nature of this type of investment. The City plans to hold remaining security until maturity. No rating provided on this investment.

b Municipal bond ratings ranged from AA- to BBB-

With the exception of the certificates of deposits, all other investments listed above were valued using Level 1 inputs. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Investments in certificates of deposit are stated at amortized cost.

The City participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA- R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, and concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
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LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 50 as of September 30, 2020.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

LAMP issues financial reports. These financial reports can be obtained by writing LAMP, Inc. 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

City's Investment policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy does not address credit rate risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy does not address interest rate risk. For information regarding the interest rate risk on LAMP investments, see above.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy does not address concentration of credit risk.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City investments are Category 1 investments, categorized as insured or registered, or securities held by the City or its agent in the City's name.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

5. ACCOUNTS RECEIVABLE

Receivables detail at September 30, 2020 for governmental activities are as follows:

	<u>General</u>	<u>Sales Tax</u>	<u>Sales Tax - Sewerage</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<u>Class of receivables:</u>					
Taxes:					
Sales tax	\$ -	\$ 340,297	\$ 340,297	\$ 6,711	\$ 687,305
Franchise tax	40,282	-	-	-	40,282
Other	<u>56,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,499</u>
Gross receivables	96,781	340,297	340,297	6,711	784,086
Less: Allowance for uncollectible accounts	<u>(28,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,574)</u>
Receivables – net	<u>\$ 68,207</u>	<u>\$ 340,297</u>	<u>\$ 340,297</u>	<u>\$ 6,711</u>	<u>\$ 755,512</u>

Accounts receivable for City’s business-type activities at September 30, 2020, consisted of:

Accounts receivable – utilities	\$ 2,720,759
Unbilled receivables	783,721
Allowance for D/A	<u>(477,177)</u>
Accounts receivable – utilities (net)	3,027,303
Accounts receivable – other	29,762
Allowance for D/A – other	<u>(10,826)</u>
Total receivables (net)	<u>\$ 3,046,239</u>

6. AD VALOREM TAXES

The City levies taxes on real and business personal property located within the City’s boundaries. Property taxes are levied by the City on property values assessed by the Webster Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Webster Parish Sheriff’s office bills and collects property taxes for the City. Collections are remitted to the City monthly.

Property Tax Calendar

Millage rates adopted/levied	August 5, 2019
Tax bills mailed	November 15, 2019
Due date	December 31, 2019
Collection dates	December 31, 2019 through April 2020
Penalty and interest accrues	January 1, 2020
Tax sale – 2019 property	May 15, 2020

The City considers the lien date (January 1, 2020) as the date an enforceable legal claim occurs for the 2019

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
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property taxes. Property tax revenue is recognized in the period for which the taxes are levied (budgeted).

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes. Any property with outstanding taxes owed is subject to annual public sale. Any property not purchased by individuals through the public sale, is then adjudicated to the City. The delinquent property owner has three years from the date of the tax purchase to redeem the property by paying all of the outstanding property taxes to date, penalties and interest.

The tax levy for 2019 was 7.67 mills of the assessed property valuation on tax rolls as of January 1.

The tax was dedicated as follows:

General corporate purposes	5.63 mills
Downtown historic district	2.04 mills

For the year ended September 30, 2020, taxes of \$455,773 were levied on property with assessed valuations totaling \$80,953,900.

Additionally, a tax of 2.04 mills is levied on properties located within the established Minden Downtown Development District. For the year ended September 30, 2020, taxes of \$16,300 were levied on property with assessed valuations totaling \$7,990,230.

7. SALES AND USE TAX OPERATIONS

A. 1% sales and use tax - The City of Minden was authorized to levy and collect a one percent (1%) sales and use tax by a special election held May 23, 1967.

The revenues derived therefrom were authorized to be used for "the purpose of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, water-works, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities, and parking facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building, improvements and facilities, and such tax to be subject to funding into bonds by the City in the manner authorized."

For the year ended September 30, 2020, the Sales Tax fund made operating transfers (of "surplus") to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	<u>General fund</u>
Transfers to	<u>\$ 3,032,600</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
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- B. 1% sales and use tax - sewerage improvements - The City of Minden was authorized to levy and collect a one percent (1%) sales and use tax by a special election held September 29, 1984.

The revenues derived therefrom were authorized to be used for "the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities and fund the proceeds of the tax into bonds to be issued in series from time to time for the purpose of constructing, acquiring and improving sewers and sewage disposal facilities and the Council shall (i) annually budget the amount of said net proceeds of the tax required to pay principal and interest and reserve requirements on all bonds payable from the tax and the amount required for extending, improving, operating and maintaining sewers and sewage disposal facilities and (ii) use the excess over said requirements to pay said bonds in full prior to their stated maturity and when provisions shall have been made for the payment of all of said bonds in full the authority to levy the tax shall terminate."

By a special election held April 15, 2000, the City rededicated and renewed the levy of a one percent (1%) sales and use tax, which was originally authorized at an election held in the City on September 29, 1984.

The revenues derived therefrom were rededicated to be used for "the purpose of acquiring, constructing, improving, maintaining, equipping and operating sewerage, sewage disposal facilities and recreational facilities, including the acquisition of sites therefore, and authority to fund the sales tax into bonds by the City in the manner authorized."

For the year ended September 30, 2020, the Sales tax-Sewerage fund made operating transfers to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	<u>Debt</u> <u>Service</u>	<u>General</u> <u>Fund</u>	<u>Utility</u> <u>Fund</u>
Transfers to	\$ <u>360,137</u>	\$ <u>1,334,751</u>	\$ <u>1,003,602</u>

- C. 2% sales and use tax – Minden Economic Development Districts No. 1, No. 2, No. 3, and No. 4 – Effective January 1, 2017, Ordinance No. 1070, 1071, 1072 and 1073 were adopted by the City Council establishing the Minden Economic Development Districts No. 1, No. 2, No.3 and No. 4. The Districts are considered tax increment financial districts (TIF) whereby a baseline of specific revenue collected in a specific area was determined and any revenues collected in the Districts over and above the baseline should be accounted for in that District. According to Ordinance No. 1078, 1079, 1080 and 1081, dated November 7, 2016, the initial baseline collection rate was designated zero (\$0). The City of Minden levied an additional two (2%) sales tax and 2% hotel occupancy tax for taxpayers located inside the city limits of Minden and inside one of the four Minden Economic Development Districts. The full amount of such additional sales tax is designated as the sale tax increments which will be determined and used to finance economic development projects.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

8. RESTRICTED ASSETS

Restricted assets of the City of Minden at September 30, 2020 were as follows:

Governmental Funds

Restricted for bond debt service	\$ 299,818
Restricted for drug enforcement	<u>27,222</u>
Total restricted assets	\$ <u>327,040</u>

Proprietary Funds

Customers' deposits	
Bank deposit accounts	\$ 737,130
Investments (net of market adjustment)	<u>4,167</u>
Total restricted assets	\$ <u>741,297</u>

9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2020, for the primary government is as follows:

	Balance <u>October 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>September 30, 2020</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,942,729	\$ -	\$ -	\$ 1,942,729
Construction in progress	<u>106,158</u>	<u>431,863</u>	-	<u>538,021</u>
Total capital assets, not being depreciated	<u>2,048,887</u>	<u>431,863</u>	-	<u>2,480,750</u>
Capital assets being depreciated				
Buildings	17,704,503	-	-	17,704,503
Land improvements other than buildings	10,838,022	-	-	10,838,022
Equipment	8,343,251	77,672	30,862	8,390,061
Infrastructure	<u>5,337,362</u>	-	-	<u>5,337,362</u>
Total capital assets being depreciated	<u>42,223,138</u>	<u>77,672</u>	<u>30,862</u>	<u>42,269,948</u>
Less accumulated depreciation for:				
Buildings	7,354,213	401,501	-	7,755,714
Land improvements other than buildings	2,630,467	461,144	-	3,091,611
Equipment	6,350,015	292,009	10,119	6,631,905
Infrastructure	<u>3,420,840</u>	<u>119,812</u>	-	<u>3,540,652</u>
Total accumulated depreciation	<u>19,755,535</u>	<u>1,274,466</u>	<u>10,119</u>	<u>21,019,882</u>
Total capital assets, being depreciated, net	<u>22,467,603</u>	<u>(1,196,794)</u>	<u>20,743</u>	<u>21,250,066</u>
Governmental activities capital assets, net	\$ <u>24,516,490</u>	\$ <u>(764,931)</u>	\$ <u>20,743</u>	\$ <u>23,730,816</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Business-type activities:				
Capital assets, not being depreciated				
Land and improvements	\$ 322,342	\$ -	\$ -	\$ 322,342
Construction in progress	<u>40,019</u>	<u>89,721</u>	<u>-</u>	<u>129,740</u>
Total capital assets, not being depreciated	<u>362,361</u>	<u>89,721</u>	<u>-</u>	<u>452,082</u>
Capital assets being depreciated				
Buildings	17,281,667	-	-	17,281,667
Land improvements other than buildings	35,519,312	42,977	-	35,562,289
Equipment	<u>9,313,828</u>	<u>71,611</u>	<u>-</u>	<u>9,385,439</u>
Total capital assets being depreciated	<u>62,114,807</u>	<u>114,588</u>	<u>-</u>	<u>62,229,395</u>
Less accumulated depreciation for:				
Buildings	13,679,286	365,012	-	14,044,298
Land improvements other than buildings	21,928,862	877,931	-	22,806,793
Equipment	<u>7,638,930</u>	<u>175,295</u>	<u>-</u>	<u>7,814,225</u>
Total accumulated depreciation	<u>43,247,078</u>	<u>1,418,238</u>	<u>-</u>	<u>44,665,316</u>
Total capital assets, being depreciated, net	<u>18,867,729</u>	<u>(1,303,650)</u>	<u>-</u>	<u>17,564,079</u>
Business-type capital assets, net	\$ <u>19,230,090</u>	\$ <u>(1,213,929)</u>	\$ <u>-</u>	\$ <u>18,016,161</u>

Depreciation expense was charged a direct expense of the primary government as follows:

<u>Governmental activities:</u>		<u>Business-type activities:</u>	
General government	\$ 159,194	Water	\$ 347,387
Public safety	103,302	Sewer	541,766
Highway and streets	205,307	Electric	470,481
Parks and recreation	349,566	Other	<u>58,604</u>
Public works	<u>457,097</u>	Total	<u>\$ 1,418,238</u>
Total	<u>\$ 1,274,466</u>		

10. ACCOUNTS PAYABLE

Accounts payable at September 30, 2020 consisted of the following:

<u>Class of payable:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 934,443	\$ 1,171,546	\$ 2,105,989
Retainage	39,698	-	39,698
Sales tax	-	13,841	13,841
Wages	84,785	36,269	121,054
Payroll withholdings	(751)	2,243	1,492
Compensated absences	4,957	-	4,957
Retirement	171,133	82,701	253,834
Group insurance	<u>174,250</u>	<u>93,383</u>	<u>267,633</u>
Total	<u>\$ 1,408,515</u>	<u>\$ 1,399,983</u>	<u>\$ 2,808,498</u>

CITY OF MINDEN, LOUISIANA
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As of and for the Year Ended September 30, 2020

11. PENSION PLANS

Employees of the City are members of the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System of Louisiana (MPERS), the Firefighters' Retirement System of Louisiana (FRS), and the Louisiana State Employees' Retirement System (LASERS).

A. Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description: Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan established in accordance with the provision of Louisiana Revised Statutes (La. R.S. 11:1731) to provide retirement benefits to employees of all incorporated villages, towns and cities within the State of Louisiana. The Municipal Employees Retirement System of Louisiana is the administrator of this plan. MERS is comprised of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A. MERS issues a publicly available financial report that can be obtained at www.mersla.com.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

- a. Any age with twenty-five (25) or more years of creditable service.
- b. Age 60 with a minimum of ten (10) years of creditable service.
- c. Any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Eligibility for retirement for Plan A Tier 2 can retire provides he meets one of the following criteria:

- a. Age 67 with seven (7) years of creditable service.
- b. Age 62 with ten (10) years of creditable service.
- c. Age 55 with thirty (30) years of creditable service.
- d. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave with actuarially reduced early benefit

Generally, the monthly amount of the retirement allowance for any member Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service.

CITY OF MINDEN, LOUISIANA
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Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit for any city marshal or deputy city marshal. See Plan Booklet for more information.

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

Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

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

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

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of creditable service, but not less than forty-five percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment

CITY OF MINDEN, LOUISIANA
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income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits: Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions: Contribution requirements of active employees are governed by Louisiana Revised Statutes (La. R.S. 11:1731) and may be amended by the Louisiana Legislature. Employee contributions are deducted from a member's salary. Both employee and employer contributions are remitted to MERS by participating employers. According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending September 30, 2020, the actual employer contribution rate ranged from 27.75% to 29.50% (effective July 1, 2020) of annual payroll for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions were recognized as revenue during the year ended September 30, 2020 and excluded from pension expense. Contributions to the pension plan from the City were \$1,125,234 for the year ended September 30, 2020. Non-employer contributions to the pension plan from the City were \$136,190 for the year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2020, the City reported a liability of \$8,679,263 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 2.0075045% which was an increase of 0.01969% from its proportion measured as of June 30, 2019.

CITY OF MINDEN, LOUISIANA
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For the year ended September 30, 2020, the City recognized pension expense of \$1,327,414.

	Deferred Outflows			Deferred Inflows		
	<u>Governmental</u>	<u>Business</u>	<u>Total</u>	<u>Governmental</u>	<u>Business</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,992	\$ 2,033	\$ 4,025	\$ 24,358	\$ 24,843	\$ 49,201
Net difference between projected and actual earnings on pension plan investments	428,765	437,333	866,098	-	-	-
Change of assumptions	72,285	73,729	146,014	-	-	-
Change in proportion and differences between employer contributions and proportionate share of contributions	46,877	47,814	94,691	6,626	6,759	13,385
Employer contributions subsequent to the measurement date	<u>149,516</u>	<u>152,503</u>	<u>302,019</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 699,435</u>	<u>\$ 713,412</u>	<u>\$ 1,412,847</u>	<u>\$ 30,984</u>	<u>\$ 31,602</u>	<u>\$ 62,586</u>

Deferred outflows of resources related to pensions of \$302,019 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
09/30/2021	\$ 426,080
09/30/2022	298,412
09/30/2023	196,796
09/30/2024	126,954

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.95%, net of investment expense
Projected Salary Increase, including inflation and merit increases	
- 1 to 4 years of service	6.4%
- More than 4 years of service	4.5%
Inflation Rate	2.5%
Expected Remaining Service Lives	3 years

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Annuitant and beneficiary mortality	PubG-2010 (B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010 (B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales
Disabled lives mortality	PubNS-2010 (B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale
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 raises. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumption used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 2013 through June 30, 2018.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

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

<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	<u>9%</u>	<u>0.40%</u>
Totals	100%	4.40%
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

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Discount Rate: The discount rate used to measure the total pension liability was 6.95% for the years ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in Discount Rate: The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 6.95%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Rate	Increase
	<u>5.95%</u>	<u>6.95%</u>	<u>7.95%</u>
Net Pension Liability	\$ 11,290,767	\$ 8,679,263	\$ 6,471,122

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, 2020 at www.mersla.com.

Payables to the Pension Plan: At September 30, 2020, the City had \$170,143 in payables to the Municipal Employees' Retirement System for the September 30, 2020 employee and employer legally required contributions.

B. Municipal Police Employees' Retirement System of Louisiana (MPERS)

Plan Description: Police officers of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan established by Act 189 of 1973 and amended by Louisiana Revised Statutes (La. R.S. 11:2211 - 11:2233) to provide retirement benefits for municipal police officers. The Municipal Police Employees' Retirement System of Louisiana is the administrator of this plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. MPERS issues a publicly available financial report that can be obtained at www.lampers.org.

Benefits Provided: The following is a brief description of the plan and its benefits and is provided for general

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information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

Benefit rates are 3 1/3% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Retirement - membership commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2 1/2%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

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

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have

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been received at least one full fiscal year and the payment of such COLA when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach retirement age.

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

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

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

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

Contributions: Contribution requirements of active employees are governed by Act 189 of 1973 and amended by Louisiana Revised Statutes (La. R.S. 11:2211 - 11:2233) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to MPERS by participating employers. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ending September 30, 2020, the actual employer contribution rate ranged from 32.50% to 33.75% of actual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislative each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended September 30,

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2020, and excluded from pension expense. Non-employer contributions to the pension plan from the City were \$78,399 for the year ended September 30, 2020. Contributions to the pension plan from the City were \$392,746 for the year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2020, the City reported a liability of \$3,324,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.359675% which was an increase of 0.00416% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$368,441.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ 130,939
Net difference between projected and actual earnings on pension plan investments	398,809	-
Change of assumptions	78,991	82,037
Change in proportion and differences between employer contributions and proportionate share of contributions	25,736	116,714
Employer contributions subsequent to the measurement date	<u>101,571</u>	<u>-</u>
Total	\$ <u>605,107</u>	\$ <u>329,690</u>

Deferred outflows of resources related to pensions of \$101,571 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
09/30/2021	\$ (41,637)
09/30/2022	56,572
09/30/2023	83,173
09/30/2024	75,738

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Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.950%, net of investment expense	
Inflation Rate	2.50% per annum	
Expected Remaining Service Lives	4 years	
Salary increase, including inflation and merit	<u>Years of service</u>	<u>Rate</u>
	1-2	12.3%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105 % for males and 115% for females, each with full generational projection using the MP2019 scale was used</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using MP2019 scale was used.</p>	
Cost-of-living adjustments	<p>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.</p>	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

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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%
Alternative	18.00%	1.02%
Other	<u>0.00%</u>	<u>0.00%</u>
Totals	100.00%	4.64%
Inflation		<u>2.55%</u>
Expected Nominal Return		<u>7.19%</u>

Discount Rate: The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in Discount Rate: The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 6.950%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Rate	Increase
	<u>5.950%</u>	<u>6.950%</u>	<u>7.950%</u>
Net Pension Liability	\$ 4,670,196	\$ 3,324,235	\$ 2,199,068

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at www.lampers.org.

Payables to the Pension Plan: At September 30, 2020, the City had \$54,493 in payables to the Municipal Police Employees' Retirement System for the September 30, 2020 employee and employer legally required contributions.

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C. State of Louisiana – Firefighters’ Retirement System of Louisiana (FRS)

Plan Description: Firefighters of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Firefighters' Retirement System of Louisiana. The System provides retirement, disability, and death benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provision are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (La. R.S. 11:2251 - 11:2272). FRS issues a publicly available financial report that can be obtained at www.lafirefightersret.com.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in La. R.S. 11:2252 on or after January 1, 1980 shall become a member as a condition of employment. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. No person who has attained age 50 or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement benefits: Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer’s contributions. Benefits are payable over the employees’ lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See La R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as a result of injuries sustained in the performance of his official duties, or for any cause, provided the member has

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at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258 (B).

Death Benefits: Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256 (B) & (C).

Deferred Retirement Option Plan: After completing 20 years of creditable service and attaining the age of 50, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP benefit into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs): Under the provision of R.S. 11:246 and 11:2260 (A) (7), the board of trustees is authorized to grant retired members and widows of members who have retired and annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund cost-of-living adjustment.

Contributions: Contribution requirements for employees, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes. According to state statute, employer contributions are actuarially determined each year. For the year ending June 30, 2020, the actual employer contribution ranged from 27.75%-32.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. According

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to state statute, the System receives insurance premium tax funds from the state of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended September 30, 2020 and excluded from pension expense. Non-employer contributions to the pension plan from the City were \$89,066 for the year ended September 30, 2020. Contributions to the pension plan from the City were \$220,477 for the year ended September 30, 2020.

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2020, the City reported a liability of \$2,203,498 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.317894% which was a decrease of 0.03099% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$398,968.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ 140,980
Net difference between projected and actual earnings on pension plan investments	242,663	-
Change of assumptions	213,008	-
Change in proportion and differences between employer contributions and proportionate share of contributions	237,750	155,318
Employer contributions subsequent to the measurement date	<u>52,650</u>	<u>-</u>
Total	<u>\$ 746,071</u>	<u>\$ 296,298</u>

Deferred outflows of resources related to pensions of \$52,650 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

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

<u>Fiscal Year Ended</u>	
09/30/2021	\$ 90,500
09/30/2022	140,671
09/30/2023	121,828
09/30/2024	70,322
09/30/2025	(6,259)
09/30/2026	(19,939)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.00%, per annum
Inflation Rate	2.50% per annum
Expected Remaining Service Lives	7 years, closed period
Salary Increases	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years of service; includes inflation and merit increases.
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the Appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for

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2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020. The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

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

<u>Asset Class</u>	<u>Asset Type</u>	Long-Term Target <u>Allocation</u>	Long-term Expected <u>Real Rate of Return</u>
Equity	U.S. Equity	26.00%	5.72%
	Non-U.S. Equity	12.00%	6.24%
	Global Equity	10.00%	6.23%
	Emerging Market Equity	6.00%	8.31%
Fixed Income	Fixed Income	26.00%	1.00%
	Emerging Market Debt	5.00%	3.40%
Alternatives	Real Estate	6.00%	4.20%
	Private Equity	9.00%	10.29%
Multi-Asset Strategies	Global Tactical Asset	0.00%	4.22%
	Allocation Risk Parity	<u>0.00%</u>	4.22%
		<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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

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investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in Discount Rate: The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension Liability	\$ 3,182,931	\$ 2,203,498	\$ 1,385,960

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at www.lafirefightersret.com.

Payables to the Pension Plan: At September 30, 2020, the City had \$29,604 in payables to the Firefighters' Retirement System of Louisiana for the September 30, 2020 employee and employer legally required contributions.

D. Louisiana State Employees' Retirement System (LASERS)

Plan Description: Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. LASERS rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36

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consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Legislative Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the members' average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits: The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half

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percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits: Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making an application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an internal act of violence.

Survivor's Benefits: Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana

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Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions: The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment and benefits for all classes of members, regardless of their plan membership.

Rates for the year ended June 30, 2020 are as follows:

<u>Plan</u>	<u>Plan Status</u>	<u>2020 Employer Rate</u>
Appellate Law Clerks	Closed	40.70%
Appellate Law Clerks hired on or after 7/01/06	Closed	40.70%
Alcohol Tobacco Control	Closed	33.90%
Bridge Police	Closed	39.80%
Bridge Police hired on or after 7/01/06	Closed	39.80%
Corrections Primary	Closed	36.90%
Corrections Secondary	Closed	40.70%
Harbor Police	Closed	7.70%
Hazardous Duty	Open	41.70%
Judges hired before 1/1/2011	Closed	42.40%
Judges hired after 12/31/2010	Closed	42.00%
Judges hired after 07/01/2015	Open	42.00%
Legislators	Closed	40.40%
Optional Retirement Plan (ORP) before 7/01/06	Closed	40.70%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	40.70%
Peace Officers	Closed	39.40%
Regular Employees hired before 7/01/06	Closed	40.70%
Regular Employees hired on or after 7/01/06	Closed	40.70%
Regular Employees hired on or after 1/1/11	Closed	40.70%
Regular Employees hired on or after 07/01/15	Open	40.70%
Special Legislative Employees	Closed	42.40%
Wildlife Agents	Closed	49.70%
Aggregate Rate		40.80%

The City's contractually required composite contribution rate for the year ended September 30, 2020 ranged from 42%-43.6% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the pension plan from the City were \$2,643 for the year ended September 30, 2020.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2020, the City reported a liability of \$23,737 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.00029% which was the same as the proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$2,629.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental activities</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ -	\$ 228
Net difference between projected and actual earnings on pension plan investments	3,471	
Change in proportion and differences between employer contributions and proportionate share of contributions	34	-
Change in assumption	76	
Employer contributions subsequent to the measurement date	<u>704</u>	<u>-</u>
Total	<u>\$ 4,285</u>	<u>\$ 228</u>

Deferred outflows of resources related to pensions of \$704 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

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

<u>Fiscal Year Ended</u>	
09/30/2021	\$ 476
09/30/2022	1,001
09/30/2023	1,073
09/30/2024	803

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Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020																		
Actuarial Cost Method	Entry Age Normal																		
Investment Rate of Return	7.55% per annum																		
Inflation Rate	2.3% per annum																		
Expected Remaining Service Lives	2 years																		
Mortality	Non-disabled members – The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System’s members for 2019.																		
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System’s members. The salary increase ranges for specific types of members are: <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.6%</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																	
Regular	3.0%	12.8%																	
Judges	2.6%	5.1%																	
Corrections	3.6%	13.8%																	
Hazardous Duty	3.6%	13.8%																	
Wildlife	3.6%	13.8%																	
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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.25% for 2020.

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Best estimates of geometric 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>Expected long-term Real Rates of Return</u>
Cash	-0.59%
Domestic Equity	4.79%
International Equity	5.83%
Domestic Fixed Income	1.76%
International Fixed Income	3.98%
Alternative Investments	6.69%
Global Tactical Asset Allocation	4.20%
Total Fund	5.81%

Discount Rate: The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions from participating employers will be made at 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 Discount Rate: The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 7.55%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	<u>Changes in Discount Rate</u>		
	1% Decrease	Current Rate	1% Increase
	<u>6.55%</u>	<u>7.55%</u>	<u>8.55%</u>
Net Pension Liability	\$ 29,169	\$ 23,737	\$ 19,127

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2019 Comprehensive Annual Financial Report for the year ended June 30, at www.lasersonline.org.

Payables to the Pension Plan: At September 30, 2020, the City had \$392 in payables to the Louisiana State Employees' Retirement System for the September 30, 2020 employee and employer legally required contributions.

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12. CAPITAL AND OPERATING LEASES

The City records items under capital leases as an asset and an obligation in the accompanying financial statements.

In January, 2015, the City entered into a capital lease agreement for a fire truck. The cost of the truck was \$619,567 and the terms of the lease require the City to make seven (7) payments of \$97,880. One payment was made during the current fiscal year. At the end of year seven (7), the City has the option of purchasing the truck for a payment of \$1. Interest accrues at a rate of 3.298%.

On January 6, 2016, the City entered into a capital lease agreement to lease the equipment for its city-wide water and electric meter project. The cost of the project under the lease was \$1,700,000 and the terms of the lease require the City to make ten (10) payments of \$203,556. At the end of year ten (10), the City has the option of purchasing the equipment for a payment of \$1. Interest accrues at a rate of 3.417%.

On February 4, 2019, the City entered into a capital lease agreement to lease a multi-purpose excavator and aerial bucket truck. The cost of the equipment under the lease was \$549,486 and the terms of the lease require the City to make one payment of \$57,700, and nine (9) payments of \$68,354. At the end of year ten (10), the City has the option of purchasing the equipment for a payment of \$1. Interest accrues at a rate of 4.289%.

Future minimum payments are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 309,996	\$ 59,794	\$ 369,790
2022	223,022	48,888	271,910
2023	231,087	40,823	271,910
2024	239,446	32,464	271,910
2025	248,111	23,799	271,910
2026-2029	<u>385,483</u>	<u>23,135</u>	<u>408,618</u>
Total	\$ <u>1,637,145</u>	\$ <u>228,903</u>	\$ <u>1,866,048</u>

The municipality has operating leases for copiers, faxes, vehicles, a street sweeper, and a fuel truck (airport).

On January 5, 2017, the City entered into a rental agreement for a street sweeper, agreeing to make 4 annual payments of \$34,791, which includes an annual maintenance payment of \$13,209. The payments are required annually, starting March 1, 2017 – March 1, 2020.

On November 13, 2017, the City entered into a rental agreement for a 2006 – 750-gallon Avgas refueler, agreeing to make monthly payments of \$500 for a primary term of one year and the option to continue leasing month-to-month.

The City leases vehicles for its various departments. The terms of each lease range from 48 - 60 months, with monthly rental payments ranging from \$592 - \$702.

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The City reported rental expense as follows:

	Governmental activities	Business-type activities
Equipment:		
Ricoh MPC 6004 Copier – \$254.69/month for 48 months	\$ 1,528	\$ 1,528
Printer TX 3000 MFPT36 - \$228.00/month for 36 months	-	2,736
Ricoh MPC 3504 - \$181/month for 60 months	2,178	-
Ricoh MPC 4503 - \$200/month for 48 months	2,400	-
(17) Vehicles	97,006	28,916
Street sweeper	<u>21,582</u>	-
Total rental expense	<u>\$ 124,694</u>	<u>\$ 33,180</u>

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year:	Equipment
2021	\$ 8,540
2022	7,374
2023	<u>3,629</u>
Total	<u>\$ 19,543</u>

13. LONG-TERM OBLIGATIONS

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

	Balance			Balance	Amount due
	Oct. 1, 2019	Additions	Deductions	Sept. 30, 2020	within one year
Governmental activities:					
Direct borrowings & direct placement	\$ 685,000	\$ -	\$ (335,000)	\$ 350,000	\$ 350,000
Compensated absences	418,550	305,787	(297,396)	426,941	40,851
Capital lease	<u>521,050</u>	-	<u>(122,971)</u>	<u>398,079</u>	<u>127,337</u>
Total governmental debt	<u>\$ 1,624,600</u>	<u>\$ 305,787</u>	<u>\$ (755,367)</u>	<u>\$ 1,175,020</u>	<u>\$ 518,188</u>
Business-type activities:					
Compensated absences	\$ 207,551	\$ 176,532	\$ (147,879)	\$ 236,204	\$ 7,350
Capital lease	<u>1,415,559</u>	-	<u>(176,493)</u>	<u>1,239,066</u>	<u>182,659</u>
Total business-type debt	<u>\$ 1,623,110</u>	<u>\$ 176,532</u>	<u>\$ (324,372)</u>	<u>\$ 1,475,270</u>	<u>\$ 190,009</u>

For governmental activities, refunding bonds are liquidated by the Sales Tax Refunding Bonds, Series, 2010 fund. All other liabilities are liquidated respectively by the General fund and Utility fund.

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Direct placements at September 30, 2020, are comprised of the following individual issue:

	<u>Principal Outstanding</u>	<u>Interest to Maturity</u>
\$3,115,000 Sales Tax Refunding Bonds, Series 2010 dated November 1, 2010; due in annual installments of \$270,000 - \$350,000 through January 1, 2021; interest at 2%-3.25%; secured by pledge of the City's 1% sales and use tax designated for sewerage system improvements and recreation	\$ 350,000	\$ 5,688

The annual requirements to amortize all debt outstanding as of September 30, 2020, including interest payments of \$5,688, are as follows:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ <u>350,000</u>	\$ <u>5,688</u>	\$ <u>355,688</u>

At September 30, 2020, \$299,818 was available in the Debt Service funds to service the general obligation bonds. In accordance with Louisiana Revised Statutes, the City is legally restricted in the amount of long-term bonded debt that may be issued. At September 30, 2020, the statutory limit was \$8,095,390. As of September 30, 2020, the City had no bonds secured by ad valorem taxes.

Total interest expense paid on long-term debt as of September 30, 2020 was \$16,400.

14. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2020, were as follows:

<u>Receivable</u>	<u>Payables</u>		<u>Total</u>
	<u>General fund</u>	<u>Police Bond fund</u>	
General fund	\$ -	\$ 55,512	\$ 55,512
Utility fund	<u>69,353</u>	<u>-</u>	<u>69,353</u>
Total	\$ <u>69,353</u>	\$ <u>55,512</u>	\$ <u>124,865</u>

The Police Bond fund reports a payable to the General fund for tickets and fines collected and not paid until after the year end. The General fund recognizes amounts owed to the Utility fund to reimburse amounts covered by the Utility fund which are expected to be cleared after year end.

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As of and for the Year Ended September 30, 2020

Interfund transfers during the year ended September 30, 2020, were as follows:

<u>Transfers out</u>	<u>Operating Transfers In</u>			<u>Total</u>
	<u>General fund</u>	<u>Utility fund</u>	<u>Non-Major Governmental</u>	
Sales Tax Fund	\$ 3,032,600	\$ -	\$ -	\$ 3,032,600
Sales Tax Fund - Sewerage System	1,334,751	1,003,602	360,137	2,698,490
Utility Fund	<u>4,934,901</u>	-	<u>230,000</u>	<u>5,164,901</u>
Total	<u>\$ 9,302,252</u>	<u>\$ 1,003,602</u>	<u>\$ 590,137</u>	<u>\$ 10,895,991</u>

Transfers are primarily used to move funds as follows:

Sales Tax fund – Sewerage System to cover debt service attributable to sewerage bonds and recreation bonds, to cover costs of recreation activities within the General fund, and to cover costs of the sewer system within the Utility fund.

The Utility fund and Sales Tax fund make transfers to supplement costs within the General fund.

The Utility fund transferred funds to the capital projects fund to set aside for future street improvements

15. CONTRACTUAL SERVICE AGREEMENT – SANITATION SERVICES

The City has an agreement with Republic Services, a private company, to provide sanitation services to the City. These services include residential garbage and recyclable item pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the type of collection (curbside or backyard). The City then charges a monthly fee for sanitation services to individual customers on their utility bills.

16. LITIGATION AND CLAIMS

At September 30, 2020 the City is involved in several lawsuits claiming damages. In the opinion of the City’s legal counsel, the exposure to the City would be any costs in defense of the lawsuits with no liability to the City in excess of insurance coverage. Effective April 1, 1998, the City reinstated its general liability coverage for risks of loss. There were no significant reductions in insurance coverage from the previous year.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

17. POST EMPLOYMENT BENEFITS

Plan description – The City provides post-employment benefits for eligible participants enrolled in the City of Minden health insurance program through the City of Minden, Employee Benefit Plan & Trust. This plan is a single employer defined benefit plan and the City maintains the authority to establish and amend plan benefit provisions and determine the contribution rates of the City and plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Although the plan has a trust, the amounts set aside in the trust are to pay current premiums and claims, on a “pay as you go” basis and are not set aside as assets accumulated to fund the OPEB obligation as actuarially determined. The plan provides medical, dental, vision, life and accidental death benefits. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The benefits are provided in the form of:

- An implicit rate subsidy where retirees receive health insurance coverage by paying a combined retiree/active rate
- An explicit subsidy where the city provides a health premium subsidy to eligible retirees

Funding policy – Retiree contributions are based on the total years that the retiree has provided services to the City. Retirees with less than 25 years of service receive a subsidy equal to 50% of the full premium. Retirees with more than 25 years of service receive a subsidy equal to 60% of the full premium. The plan is currently financed on a “pay-as-you-go” basis.

Employees covered by benefit terms – At September 30, 2020 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	42
Active employees	117
Total	159

Total OPEB Liability – The City’s total OPEB liability of \$8,306,491 was measured as of September 30, 2020 and was determined by an actuarial valuation as of September 30, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.

Discount Rate	2.25% (-.25% real rate of return plus 2.5% inflation)
Health Care Cost Trend	Level annual rate of 4.50%
Mortality	RPH-2014 Total Table with Projection MP-2019
Salary Scale	3.50%

The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index. A discount rate of 2.25% is used for this valuation.

Changes since prior measurement date: The discount rate was lowered from 2.66% to 2.25% and the annual medical trend rate for the current valuation was lowered from 5.00% to 4.50%

Changes in the Total OPEB Liabilities:

	<u>Total OPEB Liability</u>
Balance at September 30, 2019	\$ 12,812,931
Changes for the year:	
Service cost	368,162
Interest	346,592
Experience (gain) / loss	(348,122)
Assumption changes	(4,570,456)
Benefit payments	<u>(302,616)</u>
Net changes	<u>(4,506,440)</u>
Balance at September 30, 2020	<u>\$ 8,306,491</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 one percentage point lower and one percentage point higher than the current discount rate.

	<u>Changes in Discount Rate</u>		
	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	\$ 9,667,452	\$ 8,306,491	\$ 7,217,067

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

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 one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

Changes in Healthcare Cost Trend Rate

	1% Decrease	Current Rate	1% Increase
	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 7,146,939	\$ 8,306,491	\$ 9,800,002

OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB For the year ended September 30, 2020, the City recognized OPEB expense of \$296,579. At September 30, 2020, 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	\$ -	\$ (296,701)
Change of assumptions / inputs	<u>1,486,250</u>	<u>(3,895,351)</u>
Total	<u>\$ 1,486,250</u>	<u>\$ (4,192,052)</u>

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

Year ended Sept 30:

2021	\$ (418,175)
2022	(418,175)
2023	(418,175)
2024	(418,175)
2025	(473,680)
2026	(559,422)

18. ON BEHALF PAYMENTS

During the fiscal year ended September 30, 2020, qualified city employees of the City Police Department, City Fire Department, and the City Marshal’s Office received supplemental pay from the State of Louisiana. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 24, the City has recorded revenues and expenditures for these payments in the General fund.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

Revenues under this arrangement totaled \$255,184 for the year ended September 30, 2020, and the related expenditures are as follows:

Public Safety -	
Police	\$ 159,267
Fire	85,467
Ward Marshal	<u>10,450</u>
Total public safety	\$ <u>255,184</u>

19. JOINTLY GOVERNED ORGANIZATION

On March 11, 1992, the Webster Parish Sales & Use Tax Commission was formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Sarepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board and the Webster Parish Police Jury. The agreement established a joint commission for the purpose of providing a single collection agency within the boundaries of Webster Parish. The Commission is comprised of members from each of the taxing governments. Sales taxes were collected by the Commission and distributed to the City. The Commission issues an audited financial report which can be obtained by contacting the Webster Parish Sales & Use Tax Commission.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 30, 2021, the date that the financial statements were available to be issued and determined that no additional disclosures are necessary.

21. TAX ABATEMENTS

The State of Louisiana offers a number of programs that provide tax abatements within the City including the Industrial Tax Exemption Program (ITEP). Louisiana's ITEP has a ten-year industrial exemption law that provides any manufacturing establishment entering Louisiana, or any manufacturing establishment expanding its Louisiana facilities is eligible to receive exemption on buildings and equipment from state, parish and local property taxes for a period of ten years. The exemption is for the "contract" value of buildings or equipment used by the business. When the exemption expires, the property is to be placed on the tax roll at 15% of its current market value. The amount of tax abatement under this program during the fiscal year ended September 30, 2020 by authorized millage is as follows:

<u>Tax code</u>	<u>Millage</u>	<u>Assessed value lost to ITEP</u>	<u>Estimated tax \$ lost to ITEP</u>
General corporate purposes	5.63 mills	\$ 160,162	\$ 902

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2020

22. PRIOR PERIOD ADJUSTMENTS

The government-wide financial statements include a prior period adjustment changing net position of the governmental activities and business-type activities, which was related to a correction to recognize accounts payable not previously recognized. The Fund financials includes a prior-period adjustment changing fund balance of the General fund, which was related to a correction to recognize accounts payable not previously recognized.

Net position:

	<u>Governmental:</u>	<u>Business-type:</u>
Net position, as previously reported	\$ 15,439,386	\$ 22,905,526
Correction to recognize accounts payable	<u>(65,608)</u>	<u>(56,174)</u>
Net position, restated	<u>\$ 15,373,778</u>	<u>\$ 20,849,352</u>

Fund balance:

	<u>General fund:</u>
Fund balance, as previously reported	\$ 1,910,181
Correction to recognize accounts payable	<u>(65,608)</u>
Fund balance, restated	<u>\$ 1,844,573</u>

23. NEW GASB STANDARDS

In May, 2020, the Governmental Accounting Standards Board issued *Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement extended the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides. The primary objective of GASB Statement No. 95 was to provide temporary relief to governments and other stakeholders in the light of the COVID-19 pandemic. The City implemented this Statement for fiscal year ended September 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules:

General Fund

Sales Tax Fund

Sales Tax Fund – Sewerage System

Condition Rating of the City's Street System

Schedule of Changes in the Total OPEB Liability and Related Ratios

Schedule of Proportionate Share of Net Pension Liability

Schedule of Employer Contributions

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 867,000	\$ 867,000	\$ 858,656	\$ (8,344)
Licenses and permits	616,000	616,000	638,125	22,125
Fees and rentals	229,955	229,955	145,267	(84,688)
Charges for services	1,306,400	1,306,400	1,207,657	(98,743)
Intergovernmental	2,431,800	731,800	949,970	218,170
Fines and forfeitures	105,500	105,500	120,504	15,004
Interest	10,000	10,000	26,509	16,509
Other	103,645	103,645	123,262	19,617
Total revenues	<u>5,670,300</u>	<u>3,970,300</u>	<u>4,069,950</u>	<u>99,650</u>
EXPENDITURES				
Current:				
General government	3,087,647	3,087,647	2,757,545	330,102
Public safety	5,149,282	5,149,282	5,027,579	121,703
Highway and streets	1,408,505	1,408,505	1,778,600	(370,095)
Sanitation and health	927,385	927,385	942,742	(15,357)
Parks and recreation	1,937,094	1,937,094	1,797,912	139,182
Public works	437,968	437,968	338,649	99,319
Capital outlay	2,039,670	339,670	481,434	(141,764)
Debt service:				
Principal	-	-	122,971	(122,971)
Interest and other charges	-	-	20,500	(20,500)
Total expenditures	<u>14,987,551</u>	<u>13,287,551</u>	<u>13,267,932</u>	<u>19,619</u>
(Deficiency) of revenues over expenditures	(9,317,251)	(9,317,251)	(9,197,982)	119,269
OTHER FINANCING SOURCES(USES)				
Operating transfers in	9,302,251	9,302,251	9,302,252	1
Sale of assets	15,000	15,000	60	(14,940)
Total other financing sources (uses)	<u>9,317,251</u>	<u>9,317,251</u>	<u>9,302,312</u>	<u>(14,939)</u>
Net change in fund balance	-	-	104,330	104,330
Fund balances - beginning, originally stated	963,539	963,539	1,910,181	946,642
Prior period adjustment	-	-	(65,608)	(65,608)
Fund balances - beginning, restated	<u>963,539</u>	<u>963,539</u>	<u>1,844,573</u>	<u>881,034</u>
Fund balance at end of year	<u>\$ 963,539</u>	<u>\$ 963,539</u>	<u>\$ 1,948,903</u>	<u>\$ 985,364</u>

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Special Revenue Fund - Sales Tax Fund
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Budget</u>		
REVENUES:				
Taxes - sales	\$ 3,075,000	\$ 2,925,000	\$ 3,173,317	\$ 248,317
Interest	8,100	8,100	30,014	21,914
Total revenues	<u>3,083,100</u>	<u>2,933,100</u>	<u>3,203,331</u>	<u>270,231</u>
EXPENDITURES:				
General government -				
Collection expense	50,000	50,000	40,445	9,555
Miscellaneous	500	500	545	(45)
Total expenditures	<u>50,500</u>	<u>50,500</u>	<u>40,990</u>	<u>9,510</u>
Excess of revenues over expenditures	<u>3,032,600</u>	<u>2,882,600</u>	<u>3,162,341</u>	<u>279,741</u>
OTHER FINANCING (USES)				
Operating transfers out	<u>(3,032,600)</u>	<u>(3,032,600)</u>	<u>(3,032,600)</u>	<u>-</u>
Total other financing (uses)	<u>(3,032,600)</u>	<u>(3,032,600)</u>	<u>(3,032,600)</u>	<u>-</u>
Net change in fund balance	-	(150,000)	129,741	279,741
Fund balance at beginning of year	<u>-</u>	<u>2,257,085</u>	<u>2,257,085</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,107,085</u>	<u>\$ 2,386,826</u>	<u>\$ 279,741</u>

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Special Revenue Fund - Sales Tax Fund Sewerage System
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Budget		
REVENUES				
Sales taxes	\$ 3,075,000	\$ 2,775,000	\$ 3,173,017	\$ 398,017
Interest	15,600	15,600	47,668	32,068
Total revenues	<u>3,090,600</u>	<u>2,790,600</u>	<u>3,220,685</u>	<u>430,085</u>
EXPENDITURES				
General government -				
Collection expense	50,000	50,000	40,145	9,855
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>40,145</u>	<u>9,855</u>
Excess of revenues over expenditures	<u>3,040,600</u>	<u>2,740,600</u>	<u>3,180,540</u>	<u>439,940</u>
OTHER FINANCING (USES)				
Operating transfers out	(3,040,600)	(3,040,600)	(2,698,490)	342,110
Total other financing (uses)	<u>(3,040,600)</u>	<u>(3,040,600)</u>	<u>(2,698,490)</u>	<u>342,110</u>
Net change in fund balance	-	(300,000)	482,050	782,050
Fund balance at beginning of year	-	3,140,186	3,140,186	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,840,186</u>	<u>\$ 3,622,236</u>	<u>\$ 782,050</u>

SCHEDULE 2

CITY OF MINDEN, LOUISIANA
 CONDITION RATING OF THE CITY'S STREET SYSTEM
 For the year ended September 30, 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
# of City streets	338	338	338	327	327
Percentage of streets in good or better condition	74.0%	76.63%	76.63%	66.36%	66.36%
Percentage of streets in substandard condition	26.0%	23.37%	23.37%	33.64%	33.64%

Comparison of needed to actual maintenance/preservation:

Needed as of 1/1 (date of assessment)	\$4,363,000	\$4,316,748	\$4,316,748	\$7,790,674	\$7,790,674
Actual cost of improvements incurred as of 9/30	\$74,859	\$230,221	\$331,717	\$ -	\$589,454

The condition of road pavement is measured by the City using a pavement management system which rates the condition of the pavement surfaces using a 1-5 rating scale assessing the following distress factors:

- Base failure
- Surface wear
- Effects of outside construction contractors which may cause damage to streets during various projects
- Presence of potholes

The system is based on a condition rating system from 1 to 5. The rating scale used to classify roads in good or better condition (4-5), fair condition (3), and substandard condition (1-2). Roads which are rated 1 are considered highest priority for improvements. It is the City's policy to maintain at least 75% of its street system at a good or better condition level.

The City's condition assessment is determined every two years as the pavement conditions are monitored throughout this time.

City of Minden

Schedule of Changes in the Total OPEB Liability and Related Ratios
September 30, 2020

Total OPEB Liability	<u>2018</u>	<u>2019</u>	<u>2020</u>
Service costs	\$ 353,798	\$ 368,162	\$ 368,162
Interest	408,348	424,844	346,592
Experience gain/loss	-	-	(348,122)
Changes in assumptions	-	2,102,952	(4,570,456)
Benefits payments	<u>(382,425)</u>	<u>(357,986)</u>	<u>(302,616)</u>
Net change in total OPEB liability	379,721	2,537,972	(4,506,440)
Total OPEB liability - beginning	<u>9,895,238</u>	<u>10,274,959</u>	<u>12,812,931</u>
Total OPEB liability - ending	<u>\$ 10,274,959</u>	<u>\$ 12,812,931</u>	<u>\$ 8,306,491</u>
Covered employee payroll	\$ 4,940,521	\$ 4,940,521	\$ 4,698,323
Total OPEB liability as a percentage of covered employee payroll	207.97%	259.34%	176.80%

Changes of Assumptions

Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. The following is the discount rate used:

2018	4.06%
2019	2.66%
2020	2.25%

Annual medical trend

2018 & 2019	5.00%
2020	4.50%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

City of Minden

**Schedule of Proportionate Share of Net Pension Liability
September 30, 2020**

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Employees' Retirement System					
2015	2.116933%	\$ 7,562,018	\$ 3,613,092	209.00%	66.18%
2016	2.113222%	8,611,486	3,775,921	229.00%	62.11%
2017	2.043600%	8,549,240	3,712,308	230.29%	62.49%
2018	1.949277%	8,071,328	3,558,828	226.80%	63.94%
2019	1.987815%	8,306,408	3,654,490	227.29%	64.68%
2020	2.007504%	8,679,263	3,833,529	226.40%	64.52%
Municipal Police Employees' Retirement System					
2015	0.430206%	\$ 3,370,211	\$ 1,705,932	198.00%	70.73%
2016	0.445268%	4,173,416	1,294,652	322.00%	66.04%
2017	0.387770%	3,385,396	1,128,637	299.95%	70.08%
2018	0.382525%	3,233,890	1,128,882	286.47%	71.89%
2019	0.355512%	3,228,644	1,110,228	290.81%	71.01%
2020	0.359675%	3,324,235	1,076,075	308.92%	70.94%

Notes:

The amounts presented have a measurement date of June 30, 2020.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Firefighters' Retirement System					
2015	0.273126%	\$ 1,474,113	\$ 580,443	254.00%	72.45%
2016	0.282144%	1,845,477	895,307	206.00%	68.16%
2017	0.300465%	1,722,220	701,544	245.49%	73.55%
2018	0.339869%	1,954,953	809,175	241.60%	74.76%
2019	0.348884%	2,184,680	843,209	259.09%	73.96%
2020	0.317894%	2,203,498	791,430	278.42%	72.61%
Louisiana State Employees' Retirement System					
2015	0.00031%	\$ 20,974	\$ 3,462	606.00%	62.66%
2016	0.00034%	26,699	6,231	428.00%	57.73%
2017	0.00031%	21,820	6,000	363.67%	62.54%
2018	0.00029%	20,051	6,000	334.18%	64.30%
2019	0.00029%	20,793	6,000	346.55%	62.90%
2020	0.00029%	23,737	6,000	395.62%	58.00%

City of Minden

Schedule of Employer Contributions
September 30, 2020

Fiscal Year	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
Municipal Employees' Retirement System					
2015	\$ 709,988	\$ 709,988	\$ -	\$ 3,594,876	19.75%
2016	746,485	746,485	-	3,650,165	20.45%
2017	853,862	853,862	-	3,680,679	23.20%
2018	897,155	897,155	-	3,556,680	25.22%
2019	976,716	976,716	-	3,698,240	26.41%
2020	1,125,234	1,125,234	-	3,990,328	28.20%
Municipal Police Employees' Retirement System					
2015	\$ 360,404	\$ 360,404	\$ -	\$ 1,165,145	30.93%
2016	376,862	376,862	-	1,254,048	30.05%
2017	343,511	343,511	-	1,089,842	31.52%
2018	356,430	356,430	-	1,146,021	31.10%
2019	341,311	341,311	-	1,056,663	32.30%
2020	392,746	392,746	-	1,143,607	34.34%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
Firefighters' Retirement System					
2015	\$ 165,271	\$ 165,271	\$ -	\$ 575,259	28.73%
2016	231,949	231,949	-	981,338	23.64%
2017	185,554	185,554	-	726,019	25.56%
2018	218,989	218,989	-	826,374	26.50%
2019	223,321	223,321	-	833,918	26.78%
2020	220,477	220,477	-	768,038	28.71%
Louisiana State Employees' Retirement System					
2015	\$ 1,637	\$ 1,637	\$ -	\$ 4,385	37.33%
2016	2,322	2,322	-	6,000	38.70%
2017	2,242	2,242	-	6,000	37.37%
2018	2,368	2,368	-	6,000	39.47%
2019	2,382	2,382	-	6,000	39.70%
2020	2,643	2,643	-	6,000	44.05%

CITY OF MINDEN, LOUISIANA

Notes to the Required Supplementary Information for Pensions
September 30, 2020

Changes in Assumptions

The following schedule provides changes in assumptions and other inputs for Municipal Employees' Retirement System:

Report Date	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019	September 30, 2020	
Valuation Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	
Investment Rate of Return	7.50%, net of investment expense	7.50%, net of investment expense	7.40%, net of investment expense	7.275%, net of investment expense	7.0%, net of investment expense	6.95%, net of investment expense	
Inflation Rate	3% per annum	2.875% per annum	2.775% per annum	2.6% per annum	2.5% per annum	2.5% per annum	
Mortality Non-disabled Active	RP-2000 Employee Table (set back years for males and females)	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	PubG-2010 (B) Employee 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
Mortality Non-disabled Retiree	RP-2000 Employee Table (set back years for males and females)	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables (set forward 2 years for males and 1 year for females) projected to 2028 using Scale AA	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) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Mortality Disabled	RP-2000 Disabled Lives mortality table (set forward 2 years for males and 1 year for females)	Employees: RP-2000 Disabled Lives Mortality set back 2 years for both males and females. Annuitants: RP-2000 Disabled Lives mortality tables set back 5 years for males and 3 years for females	Employees: RP-2000 Disabled Lives Mortality set back 2 years for both males and females. Annuitants: RP-2000 Disabled Lives mortality tables set back 5 years for males and 3 years for females	Employees: RP-2000 Disabled Lives Mortality set back 2 years for both males and females. Annuitants: RP-2000 Disabled Lives mortality tables set back 5 years for males and 3 years for females	Employees: RP-2000 Disabled Lives Mortality set back 2 years for both males and females. Annuitants: RP-2000 Disabled Lives mortality tables set back 5 years for males and 3 years for females	PubNS-2010 (B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale	PubNS-2010 (B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale
Termination, Disability, Retirement	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2013-2018 experience study	
Salary Increases	5.0% (2.875% Inflation, 2.125% Merit)	5.0%	5.0%	5.0%	1-4 years: 6.4% More than 4 years: 4.5%	1-4 years: 6.4% More than 4 years: 4.5%	

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

CITY OF MINDEN, LOUISIANA

Notes to the Required Supplementary Information for Pensions
September 30, 2020

Changes in Assumptions

The following schedule provides changes in assumptions and other inputs for Municipal Police Employees' Retirement System:

Report Date Valuation Date	September 30, 2015 June 30, 2015	September 30, 2016 June 30, 2016	September 30, 2017 June 30, 2017	September 30, 2018 June 30, 2018	September 30, 2019 June 30, 2019	September 30, 2020 June 30, 2020
Investment Rate of Return	7.50%, net of investment expense	7.50%, net of investment expense	7.325%, net of investment expense	7.20%, net of investment expense	7.125%, net of investment expense	6.950%, net of investment expense
Inflation Rate	2.875% per annum	2.875% per annum	2.70% per annum	2.60% per annum	2.50% per annum	2.50% per annum
Mortality Non-disabled Active	RP-2000 Employee Table set back 4 years for males and 3 years for females	RP-2000 Employee Table set back 4 years for males and 3 years for females	RP-2000 Employee Table set back 4 years for males and 3 years for females	RP-2000 Employee Table set back 4 years for males and 3 years for females	RP-2000 Employee Table set back 4 years for males and 3 years for females	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using MP2019 scale
Mortality Non-disabled Retiree	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females)	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females)	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females)	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females)	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females)	Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale
Mortality Disabled	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females	Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale
Termination, Disability, Retirement	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2014-2019 experience study
Salary Increases	1-2 years: 9.75% 23 years: 4.75% Over 23: 4.25%	3- 1-2 years: 9.75% 23 years: 4.75% Over 23: 4.25%	3- 1-2 years: 9.75% 23 years: 4.75% Over 23: 4.25%	3- 1-2 years: 9.75% 23 years: 4.75% Over 23: 4.25%	3- 1-2 years: 9.75% 23 years: 4.75% Over 23: 4.25%	3- 1-2 years: 12.3% Above 2: 4.70%

Notes:

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CITY OF MINDEN, LOUISIANA

Notes to the Required Supplementary Information for Pensions
September 30, 2020

Changes in Assumptions

The following schedule provides changes in assumptions and other inputs for Firefighters' Retirement System:

Report Date	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019	September 30, 2020
Valuation Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Investment Rate of Return	7.50%, per annum	7.50%, per annum	7.40%, per annum	7.30%, per annum	7.15%, per annum	7.00%, per annum
Inflation Rate	2.875% per annum	2.875% per annum	2.775% per annum	2.700% per annum	2.50% per annum	2.50% per annum
Mortality Non-disabled Active	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees
Mortality Non-disabled Retiree	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees
Mortality Disabled	RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females	RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females	RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females	RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females	RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees
Termination, Disability, Retirement	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2009-2014 experience study	2014-2019 experience study
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years	Vary from 15.0% in the first two years of service to 4.75% after 25 years	Vary from 15.0% in the first two years of service to 4.75% after 25 years	Vary from 15.0% in the first two years of service to 4.75% after 25 years	Vary from 14.75% in the first two years of service to 4.50% after 25 years	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years of service; includes inflation and merit increases.

Notes:

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CITY OF MINDEN, LOUISIANA

Notes to the Required Supplementary Information for Pensions
September 30, 2020

Changes in Assumptions

The following schedule provides changes in assumptions and other inputs for Louisiana State Employees' Retirement System:

Report Date	September 30, 2015	September 30, 2016	September 30, 2017	September 30, 2018	September 30, 2019	September 30, 2020
Valuation Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Investment Rate of Return	7.75% per annum	7.75% per annum	7.70% per annum	7.65% per annum	7.60% per annum	7.55% per annum
Inflation Rate	3% per annum	3% per annum	2.75% per annum	2.75% per annum	2.50% per annum	2.30% per annum
Mortality Non-disabled Active	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.	RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.
Mortality Non-disabled Retiree	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015	Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.	RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.
Mortality Disabled	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table	RP-2000 Disabled Retiree Mortality Table
Termination, Disability, Retirement	Projected based on a five-year (2009-2013) experience study of the System's members	Projected based on a five-year (2009-2013) experience study of the System's members	Projected based on a five-year (2009-2013) experience study of the System's members	Projected based on a five-year (2009-2013) experience study of the System's members	Projected based on a five-year (2014-2018) experience study of the System's members	Projected based on a five-year (2014-2018) experience study of the System's members
Salary Increases	Regular:4.0%to 13.0% Judges:3.0% to 5.5% Corrections:3.6 % to 14.5% Hazardous Duty:3.6% to 14.5% Wildlife:3.6% to 14.5%	Regular:4.0%to 13.0% Judges:3.0% to 5.5% Corrections:3.6 % to 14.5% Hazardous Duty:3.6% to 14.5% Wildlife:3.6% to 14.5%	Regular:3.8%to 12.8% Judges:2.8% to 5.3% Corrections:3.4 % to 14.3% Hazardous Duty:3.4% to 14.3% Wildlife:3.4% to 14.3%	Regular:3.8%to 12.8% Judges:2.8% to 5.3% Corrections:3.4 % to 14.3% Hazardous Duty:3.4% to 14.3% Wildlife:3.4% to 14.3%	Regular:3.2%to 13.0% Judges:2.8% to 5.3% Corrections:3.8 % to 14.0% Hazardous Duty:3.8% to 14.0% Wildlife:3.8% to 14.0%	Regular:3.0%to 12.8% Judges:2.6% to 5.1% Corrections:3.6 % to 13.8% Hazardous Duty:3.6% to 13.8% Wildlife:3.6% to 13.8%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements – Nonmajor governmental funds
- Budgetary Comparison Schedules – Nonmajor governmental funds
- Schedule of Compensation Paid Board Members
- Schedule of Compensation, Benefits and Other Payments to Agency Head

CITY OF MINDEN, LOUISIANA
 Combining Balance Sheet
 Non-Major Governmental Funds
 September 30, 2020

	Special Revenue		
	Drug Task Force Fund	Refunding Bonds Series, 2002	TIF District #1
ASSETS			
Cash and cash equivalents	\$ 27,222	\$ -	\$ 38,952
Investments	-	605,006	-
Accounts receivable	-	-	1,280
TOTAL ASSETS	<u>\$ 27,222</u>	<u>\$ 605,006</u>	<u>\$ 40,232</u>
FUND BALANCES			
Restricted	27,222	605,006	40,232
Assigned	-	-	-
TOTAL FUND BALANCES	<u>\$ 27,222</u>	<u>\$ 605,006</u>	<u>\$ 40,232</u>

SCHEDULE 6

<u>Special Revenue</u>			<u>Capital Project</u>	<u>Debt Service</u>	
<u>TIF District #2</u>	<u>TIF District #3</u>	<u>TIF District #4</u>	<u>Capital Improvements Street Fund</u>	<u>Sales Tax Refunding Bonds, Series 2010</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 305,470	\$ 856	\$ 5,793	\$ 564,825	\$ 299,818	\$ 1,242,936
-	-	-	-	-	605,006
<u>5,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,711</u>
<u>\$ 310,901</u>	<u>\$ 856</u>	<u>\$ 5,793</u>	<u>\$ 564,825</u>	<u>\$ 299,818</u>	<u>\$ 1,854,653</u>
310,901	856	5,793	-	299,818	1,289,828
-	-	-	564,825	-	564,825
<u>\$ 310,901</u>	<u>\$ 856</u>	<u>\$ 5,793</u>	<u>\$ 564,825</u>	<u>\$ 299,818</u>	<u>\$ 1,854,653</u>

CITY OF MINDEN, LOUISIANA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2019

	<u>Special Revenue</u>		
	<u>Drug Task Force Fund</u>	<u>Refunding Bonds Series, 2002</u>	<u>TIF District #1</u>
REVENUES			
Sales and use tax	\$ -	\$ -	\$ 12,976
Fines and forfeitures	3,728	-	-
Interest	-	7,724	416
Total revenues	<u>3,728</u>	<u>7,724</u>	<u>13,392</u>
EXPENDITURES			
Current:			
General government	-	-	5,493
Public safety	18,103	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>18,103</u>	<u>-</u>	<u>5,493</u>
Excess (deficiency) of revenues over (under) expenditures	(14,375)	7,724	7,899
OTHER FINANCING SOURCES			
Operating transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(14,375)	7,724	7,899
Fund balances -- beginning	41,597	597,282	32,333
Fund balances -- ending	<u>\$ 27,222</u>	<u>\$ 605,006</u>	<u>\$ 40,232</u>

SCHEDULE 7

<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Debt Service</u>	
<u>TIF District #2</u>	<u>TIF District #3</u>	<u>TIF District #4</u>	<u>Capital Improvements Street Fund</u>	<u>Sales Tax Refunding Bonds, Series 2010</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 83,636	\$ 2	\$ -	\$ -	\$ -	\$ 96,614
-	-	-	-	-	3,728
<u>3,091</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>2,058</u>	<u>13,358</u>
<u>86,727</u>	<u>2</u>	<u>69</u>	<u>-</u>	<u>2,058</u>	<u>113,700</u>
1,083	2	-	-	-	6,578
-	-	-	-	-	18,103
-	-	-	-	335,000	335,000
-	-	-	-	17,000	17,000
<u>1,083</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>352,000</u>	<u>376,681</u>
85,644	-	69	-	(349,942)	(262,981)
-	-	-	230,000	360,137	590,137
-	-	-	230,000	360,137	590,137
85,644	-	69	230,000	10,195	327,156
<u>225,257</u>	<u>856</u>	<u>5,724</u>	<u>334,825</u>	<u>289,623</u>	<u>1,527,497</u>
<u>\$ 310,901</u>	<u>\$ 856</u>	<u>\$ 5,793</u>	<u>\$ 564,825</u>	<u>\$ 299,818</u>	<u>\$ 1,854,653</u>

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
Nonmajor Governmental Fund - TIF District #1
Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales and use tax	\$ 13,500	\$ 12,000	\$ 12,976	\$ 976
Interest	<u>190</u>	<u>190</u>	<u>416</u>	<u>226</u>
Total revenues	<u>13,690</u>	<u>12,190</u>	<u>13,392</u>	<u>1,202</u>
EXPENDITURES				
Current:				
General government	<u>8,220</u>	<u>8,220</u>	<u>5,493</u>	<u>2,727</u>
Total expenditures	<u>8,220</u>	<u>8,220</u>	<u>5,493</u>	<u>2,727</u>
Excess of revenues over expenditures	5,470	3,970	7,899	3,929
Fund balance at beginning of year	<u>-</u>	<u>32,334</u>	<u>32,333</u>	<u>(1)</u>
Fund balance at end of year	<u>\$ 5,470</u>	<u>\$ 36,304</u>	<u>\$ 40,232</u>	<u>\$ 3,928</u>

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
Nonmajor Governmental Fund - TIF District #2
Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Sales and use tax	\$ 100,000	\$ 80,000	\$ 83,636	\$ 3,636
Interest	<u>1,200</u>	<u>1,200</u>	<u>3,091</u>	<u>1,891</u>
Total revenues	<u>101,200</u>	<u>81,200</u>	<u>86,727</u>	<u>5,527</u>
EXPENDITURES				
Current:				
General government	<u>1,450</u>	<u>1,450</u>	<u>1,083</u>	<u>367</u>
Total expenditures	<u>1,450</u>	<u>1,450</u>	<u>1,083</u>	<u>367</u>
Excess of revenues over expenditures	99,750	79,750	85,644	5,894
Fund balance at beginning of year	<u>-</u>	<u>225,257</u>	<u>225,257</u>	<u>-</u>
Fund balance at end of year	<u>\$ 99,750</u>	<u>\$ 305,007</u>	<u>\$ 310,901</u>	<u>\$ 5,894</u>

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
Nonmajor Governmental Fund - TIF District #3
Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Sales and use tax	\$ 300	\$ 2	\$ 2	\$ -
Total revenues	<u>300</u>	<u>2</u>	<u>2</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>
Total expenditures	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>
Excess of revenues over expenditures	296	(2)	-	2
Fund balance at beginning of year	<u>-</u>	<u>856</u>	<u>856</u>	<u>-</u>
Fund balance at end of year	<u>\$ 296</u>	<u>\$ 854</u>	<u>\$ 856</u>	<u>\$ 2</u>

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
Nonmajor Governmental Fund - TIF District #4
Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Sales and use tax	\$ 200	\$ 50	\$ -	\$ (50)
Interest	-	-	69	69
Total revenues	<u>200</u>	<u>50</u>	<u>69</u>	<u>19</u>
EXPENDITURES				
Current:				
General government	<u>2</u>	<u>2</u>	-	<u>2</u>
Total expenditures	<u>2</u>	<u>2</u>	-	<u>2</u>
Excess of revenues over expenditures	198	48	69	21
Fund balance at beginning of year	<u>-</u>	<u>5,724</u>	<u>5,724</u>	<u>-</u>
Fund balance at end of year	<u>\$ 198</u>	<u>\$ 5,772</u>	<u>\$ 5,793</u>	<u>\$ 21</u>

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
Nonmajor Governmental Fund - Sales Tax Refunding Bonds, Series 2010
Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 1,000	\$ 1,000	\$ 2,058	\$ 1,058
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>2,058</u>	<u>1,058</u>
EXPENDITURES				
Debt service:				
Principal	335,000	335,000	335,000	-
Interest and other charges	<u>17,001</u>	<u>17,001</u>	<u>17,000</u>	<u>1</u>
Total expenditures	<u>352,001</u>	<u>352,001</u>	<u>352,000</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	(351,001)	(351,001)	(349,942)	1,059
OTHER FINANCING SOURCES				
Transfers in	<u>351,001</u>	<u>351,001</u>	<u>360,137</u>	<u>9,136</u>
Total other financing sources	<u>351,001</u>	<u>351,001</u>	<u>360,137</u>	<u>9,136</u>
Net change in fund balance	-	-	10,195	10,195
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>289,623</u>	<u>289,623</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,818</u>	<u>\$ 299,818</u>

CITY OF MINDEN, LOUISIANA

**Schedule of Compensation Paid Board Members
For the Year Ended September 30, 2020**

The City of Minden, Louisiana paid the following amounts for compensation to the mayor and members of the City Council as of September 30, 2020:

	<u>Compensation</u>	<u>Car Allowance</u>
Mayor -		
Terry L. Gardner	\$ 87,231	\$ 6,000
City Council		
Vincen Bradford	13,085	1,200
Herber Taylor, III*	6,930	600
Wayne Edwards**	3,053	300
Terika Williams-Walker	13,085	1,200
Keith Beard	13,085	1,200
Pam Bloxom	13,085	1,200
	<u>\$ 149,554</u>	<u>\$ 11,700</u>

* Served during 10/1/19 - 12/31/19

** Appointed by Governor 6/26/20

CITY OF MINDEN, LOUISIANA

**Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended September 30, 2020**

Agency Head: Terry L. Gardner, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 87,231
Benefits - retirement	24,602
Benefits - medicare tax	1,352
Car Allowance	6,000
Conference fees	100
Housing	248
Meals	45
Reimbursements	549

OTHER REPORTS

WISE, MARTIN & COLE, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

601 Main Street P. O. Box 897
Minden, Louisiana 71058-0897
(318) 377-3171 Fax (318) 377-3177

CARLOS E. MARTIN, CPA (2020)

MICHAEL W. WISE, CPA
KRISTINE H. COLE, CPA

KRISTIE K. MARTIN, CPA
HANNAH M. COLVIN, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and the City Council
City of Minden, 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 the City of Minden, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Minden, Louisiana's basic financial statements and have issued our report thereon dated July 30, 2021. We issued an adverse opinion on the aggregate discretely presented component units and an unmodified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Our report includes a reference to other auditors who audited the financial statements of City of Minden, Employee Benefit Plan & Trust as described in our report on the City of Minden, Louisiana's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of current year findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements

will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, described in the accompanying schedule of current year findings as item 2020-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of current year findings as item 2020-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Minden, Louisiana's financial statements are free of 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 determination of financial statement amounts. 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 six instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of current year findings as item 2020-03.

City of Minden, Louisiana's Response to Findings

The City of Minden, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Minden, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 City'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. Although the intended use of these reports may be limited, under Louisiana Revised State 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Wesley Marten & Cole LLC

Minden, Louisiana
July 30, 2021

OTHER INFORMATION

CITY OF MINDEN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended September 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

2020-01 Internal controls over financial reporting

Origination date: Fiscal year ended September 30, 2018

Criteria: Good internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data and accruals are accurate at year-end.

Condition found:

Adjustments were made to the City's balances at year. The City does not perform reconciliations between the balances recorded in the general ledger and subsidiary information which would help identify possible errors or misstatements. There were variances between several balance sheet accounts which were not corrected on a timely basis. The City recognized and approved the necessary adjustments to correct.

Our tests revealed:

- Lack of reconciliations performed for inventory, receivables and interfund receivables/payables to the general ledger.
- Clearing fund reported a negative cash balance of over \$1.9 million.
- The intercompany receivables and payables are not balanced during the year.
- The City began recording bills to customers in the general fund and utility fund for items such as damages, hangar rentals, insurance reimbursements, and other items. However, there were no procedures in place during the year to ensure that payments were posted correctly to the general ledger and the year-end balance was correct.
- Our test of journal entries revealed, several journal entries being made improperly, without being approved before being recorded. Several entries were not made correctly.

Cause: Unknown

Effect: The City's controls over year-end reporting may not identify material misstatements on a timely basis.

Recommendation:

The City should establish quality control procedures to include monthly review of the general ledger activity and reconciliations of the general ledger balances to ensure that year-end reporting is complete and accurate.

View of Responsible Office and Corrective Action Plan

See management's response on attached letter.

2020-02 Controls over collections

Origination date: Fiscal year ended September 30, 2016

Criteria: Internal controls should be in place to ensure that adequate controls exist over decentralized collections

CITY OF MINDEN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended September 30, 2020

of revenues.

Condition found: The police department continues to handle collections and has tried to separate responsibilities over the collection, recording and deposit process. The reconciliation of disposition of tickets is not being performed, and approximately \$39,000 of fines were collected but not reported to be disbursed to the City's general fund during the year. There are approximately \$52,000 of deposits that have been made to the police bond fund which needs to be researched to determine whether these are bonds held or additional money owed to the City's general fund or others.

Cause: Police department staff responsible for cash collections and disbursements were not able to timely follow-up on reporting and making disbursements for the City's portion of the fines during the year. With an increase over the years in the amount of bonds being collected, the City does not have an efficient way to keep up with amounts collected and owed in the Police Bond fund.

Effect: Amounts owed to other persons are not distributed on a timely basis or properly accounted for.

Recommendation: We suggest that City implement procedures to account for all monies deposited into the police bond fund which identifies the source of the deposit, and allows proper disbursement on a timely basis, as well as accountability for funds held in police bond fund.

We suggest that the City segregate the duties of cash collections from the police department to its centralized collection department.

View of Responsible Office and Corrective Action Plan

See management's response on attached letter.

2020-03 General capital assets recordkeeping

Origination date: Fiscal year ended September 30, 2018

Criteria: Louisiana Revised Statutes 24:515B requires the municipality to maintain records of its capital assets. The listing of capital assets is to be updated each year for assets acquired and disposed. Failure to identify and periodically account for municipal assets/property exposes the municipality to possible loss, theft and misuse of assets.

Condition: Inventory maintained by the City was not updated according to their procedures.

- We observed current year purchases which were not added to the City's capital asset inventory by responsible officials of the City.
- We observed that the prior year purchases were not added to the City's capital asset inventory.
- We observed items tested had insufficient/incorrect locations recorded for easily locating the item's whereabouts. We could not locate four items.
- City maintains an internal inventory of equipment, but no separate listing for land, land improvements,

CITY OF MINDEN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended September 30, 2020

building and building improvements with project description, the year completed, funding source and dollar amounts.

Cause: Unknown

Effect: The City's internal asset listing was not updated for additions and deletions, or correct details such as serial numbers, dates, or location.

Recommendation:

We recommend that the City use tags on all inventory with a number to trace back to the internal list. We also recommend that the City develop steps to ensure that its inventory of capital assets is updated with correct and detailed descriptions, serial numbers, year of acquisition, method of acquisition (e.g. purchase, donation, etc.) location, funding source, cost or estimated cost, salvage value and estimated useful life.

View of Responsible Office and Corrective Action Plan

See management's response on attached letter.

CITY OF MINDEN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended September 30, 2020

2019-01 Controls over financial reporting

Finding: During the year, we noted significant adjustments to year end balances were needed due to a lack of controls over the financial reporting process.

Status: Not resolved, see 2020-01.

2019-02 Controls over collections

Finding: City had a lack of controls over the collection process.

Status: Not resolved, see 2020-02.

2019-03 General capital asset recordkeeping

Finding: City failed to maintain records of its capital assets.

Status: Not resolved, see 2020-03.

2019-04 Deposits in excess of adequate security

Finding: The City had deposits in the local banks that were not adequately secured.

Status: Resolved.

2019-05 Budget compliance

Finding: Budgeted revenues of the Sales Tax fund exceed actual revenues by more than 5%

Status: Resolved.



Terry L. Gardner, Mayor
www.mindenusa.com

520 Broadway • P . O. Box 580 • Minden, Louisiana 71058 • Telephone (318) 377-2144 • Fax (318) 371-4200

July 28, 2021

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

To whom it may concern:

In reference to the City of Minden's Annual Financial Report for the year ended September 30, 2020 and the "Findings – Financial Statement Audit", the management of the City of Minden would like to provide the following response:

2020-01 Internal controls over financial reporting

During the audit year, the established City Clerk left the workforce and the City was unsuccessful to find a replacement. The Assistant City Clerk was overloaded with the additional work, which resulted in a lack of internal controls specifically in the reconciliation process.

The Assistant City Clerk was advised to reconcile on a monthly basis the appropriate accounts. Furthermore, the City will employ additional personnel to reconcile receivables and payables.

2020-02 Controls over collections

The police department was informed in reference to the findings and will install Quick Books to assist with the collection and proper recording of the fines. Quick books will be used to maintain records of cash in and cash out. This will ensure the accurate reporting and disbursement of the City's portion of the fines.

2020-03 General capital assets recordkeeping

The department supervisors (conducting the inventory) as well as the employee recording the applicable changes have been advised of the failure to provide accurate documentation. The City will hold a special seminar with all employees involved in the inventory process to explain the consequences.

If there are any further questions need to be answered, please feel free to contact me.

Sincerely,

Terry L. Gardner
Mayor

CC: Michael Fluhr, Acting City Clerk

