

**CITY OF CENTRAL, LOUISIANA**

**FINANCIAL STATEMENTS**

June 30, 2021

# CITY OF CENTRAL, LOUISIANA

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Central, Louisiana

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the **CITY OF CENTRAL, LOUISIANA (CITY)** as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity 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, and budgetary comparison information on pages 4 through 12 and 41 through 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actual on page 50 and the schedule of compensation, benefits and other payments to agency head on page 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes on page 53 and 54 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actual, the schedule of expenditures of federal awards and related notes and the schedule of compensation, benefits and other payments to agency head is 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, based on our audit and the

procedures performed as described above, the Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actual, the schedule of expenditures of federal awards and related notes and the schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021 on our consideration of the **CITY OF CENTRAL, LOUISIANA**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 27, 2021

# CITY OF CENTRAL, LOUISIANA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the City of Central's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities and currently known facts, and should be read in conjunction with the financial statements which begin on Exhibit A.

### FINANCIAL HIGHLIGHTS

In 2021, the City of Central experienced an increase in revenues of 15% compared to the prior year while expenses decreased 5% from the prior year in the government-wide activities. The increase in revenue is largely due to an increase in sales taxes and a disaster assistance grant, while the decrease in expenses is due to a decrease in public works expenditures and an increase in general government expenditures. The City has a contract with a not-for-profit organization to provide administrative, financial, public works, code enforcement, permitting, and inspection services. In 2021, the cost of this contract was \$4.1 million, which represents 55% of total government-wide expenses. Additionally, the City received sales tax and franchise tax of \$12.3 million and \$1.7 million, respectively, while charges for services generated \$1.1 million in revenue in 2021. Also, the City has focused on road, drainage, and infrastructure improvements. Additionally, the City has maintained a logical and thoughtful alignment of City resources to community needs.

The major financial highlights for 2021 are as follows:

- Assets of the City's primary government exceeded its liabilities at the end of the year by \$60.4 million (net position). Net position includes \$39.9 million that may be used without restriction to meet the City's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by \$8.9 million during 2021.
- At year end, the City's governmental funds reported fund balances of \$55.1 million, an increase of approximately \$8 million with restrictions or commitments as follows:
  - Restricted:
    - Capital projects - \$15 million
  - Commitments:
    - Operational reserves - \$6.3 million
    - Emergency repairs and maintenance - \$5.7 million
    - Drainage repairs and maintenance - \$4 million
    - Road maintenance - \$4 million
    - Capital outlay and improvements - \$4.7 million



Significant aspects of the City's financial well-being, for the year ended June 30, 2021, are detailed throughout this analysis.

## **USING THIS ANNUAL REPORT**

The City's financial statements focus on the government as a whole (government-wide) and on major individual funds. Both perspectives (government-wide and major funds) allow the reader to address relevant questions, broaden a basis for comparison from year to year and enhance the City's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the City as a whole.

Fund financial statements start on page 16. For governmental activities, these statements depict how 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 City's auditors have provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly stated, in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

### **Reporting on the City as a Whole**

The financial statements of the City as a whole begin on page 14. 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 to determine if the City is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the City's net position and related changes. One 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 is one indicator of its financial health. One will need to consider other non-financial factors, such as changes in the City's sales tax base, to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities consist of governmental activities.

**Governmental activities** - The City's basic services are reported here, including public safety, public works, highways and streets, health and welfare, and general administration. Sales taxes, grants and contributions, and franchise fees finance the majority of these activities.

At June 30, 2021, the City's net position was \$60.4 million, of which \$39.9 million is unrestricted. Restricted net position is normally reported separately to show legal constraints from debt covenants and enabling legislation that limits the City's ability to use that net position for day-to-day operations.

Our analysis below of the primary government focuses on the net position and change in net position of the City's governmental activities.

City of Central, Louisiana  
Statement of Net Position  
June 30, 2021 and 2020

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$55,573,627	\$48,146,239
Capital assets, net	<u>5,452,901</u>	<u>4,536,100</u>
Total assets	61,026,528	52,682,339
Deferred outflows of resources	<u>43,120</u>	<u>44,852</u>
Total assets and deferred outflows of resources	<u><u>\$61,069,648</u></u>	<u><u>\$52,727,191</u></u>
Current and other liabilities	\$ 441,314	\$ 1,019,505
Long-term debt and net pension liability	<u>182,655</u>	<u>189,916</u>
Total liabilities	623,969	1,209,421
Deferred inflows of resources	<u>4,054</u>	<u>10,343</u>
Total liabilities and deferred inflows of resources	<u>628,023</u>	<u>1,219,764</u>
Net position:		
Net investment in capital assets	5,440,538	4,511,785
Restricted	15,017,951	12,309,448
Unrestricted	<u>39,983,136</u>	<u>34,686,194</u>
Total net position	<u>60,441,625</u>	<u>51,507,427</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$61,069,648</u></u>	<u><u>\$52,727,191</u></u>

Total net position of the City’s governmental activities increased by approximately \$8.9 million during the year ended June 30, 2021. Unrestricted net position increased by \$5.3 million. Unrestricted net position represents the amount of the net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements. The changes in net position are discussed later in this analysis.

The results of the past two years’ operations for the primary government as a whole, as reported in the Statement of Activities, are as follows:

City of Central, Louisiana		
Changes in Net Position		
June 30, 2021 and 2020		
	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 1,133,797	\$ 904,974
Operating grants and contributions	250,795	814,458
Capital grants and contributions	966,184	6,518
General revenues:		
Sales and use taxes	12,326,550	10,217,914
Franchise taxes	1,688,445	1,610,429
Investment earnings	89,351	794,443
Other	2,423	5,409
Total revenues	16,457,545	14,354,145
Functions/Program expenses:		
General government	836,213	765,785
Health and welfare	124,650	119,545
Public works	5,331,950	5,976,382
Highways and streets	520,233	316,501
Public safety	709,463	710,555
Interest on long-term debt	838	2,495
Total expenses	7,523,347	7,891,263
Increase in net position	8,934,198	6,462,882
Beginning net position	51,507,427	45,044,545
Ending net position	\$ 60,441,625	\$ 51,507,427

The increase in net position of \$8.9 million is primarily attributed to an increase in overall revenues related to charges for services and sales and use taxes. Expenditures for general government and public works decreased through the year, but the decrease was incremental in comparison to revenues.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types.

### **Reporting the City's Most Significant Funds**

The City's major funds begin on page 16 with the fund financial statements that 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 the City Council establishes other funds to control and manage financial resources for particular purposes or to meet legal responsibilities for using certain taxes, grants and other financing sources.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. All of the City's basic services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation to the financial statements. The governmental major funds (Exhibits A-2 and A-4) presentation uses the modified accrual basis and focuses on the major funds of the City. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The City has six governmental funds, which are the General Fund, Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund (ESDRIM Fund), Half Cent Sales Tax Fund, MovEBR Fund, and Traffic Contribution Fund special revenue funds, and the Capital Outlay and Improvement Fund.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-6.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the City’s major special revenue funds and General Fund, which can be found in Exhibits B through B-4.

**Financial Analysis of the General Fund**

The general government operations of the City are accounted for in the General Fund, special revenue funds, and capital projects fund. The focus of these funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. The following is a summary of general governmental operations for 2021 by fund type:

	(in thousands)				
	2021				2020
	General Fund	Special Revenue Funds	Capital Projects Fund	Total	Total
Revenue	\$ 10,334	\$ 5,099	\$ 1,047	\$ 16,480	\$ 14,336
Expenditures	6,254	605	1,583	8,442	7,911
Other financing sources (uses)	-	(88)	88	-	38
Net change in fund balance	4,080	4,406	(448)	8,038	6,463
Beginning fund balance	17,294	22,508	7,249	47,051	40,588
Ending fund balance	<u>\$ 21,374</u>	<u>\$ 26,914</u>	<u>\$ 6,801</u>	<u>\$ 55,089</u>	<u>\$ 47,051</u>

The City’s governmental funds experienced an increase in fund balance of approximately \$8 million during 2021. At year end, fund balances were \$55.1 million, of which \$15 million is unassigned and available for utilization at the City’s discretion. The remaining fund balance has been restricted for capital projects (\$15 million), or committed (\$24.8 million) and assigned (\$251,000) where internal constraints have been established by the City. At June 30, 2021, the fund balance of the General Fund was \$21.4 million compared to the fund balance of \$17.3 million at June 30, 2020. The General Fund’s investment income decreased in 2021, while sales tax revenue and charges for services increased. The General Fund’s overall expenditures decreased by \$81,000 in 2021.

In 2021, the Capital Outlay and Improvement Fund experienced a decrease in fund balance of \$448,000 due to grants of \$1 million and \$1.6 million in expenditures. The Half Cent Sales Tax Fund transferred \$88,000 to the Capital Outlay and Improvement Fund.

(Continued)

The City's other major funds are the ESDRIM, Half Cent Sales Tax, MovEBR and Traffic Contribution special revenue funds. The following is a summary of changes in fund balance by special revenue fund:

Fund	Fund Balance (in thousands)		
	Beginning	Net Change	Ending
ESDRIM	\$ 12,421	\$ 1,288	\$ 13,709
Half Cent Sales Tax	8,190	1,527	9,717
MovEBR	1,646	1,591	3,237
Traffic Contribution	251	-	251
Total	\$ 22,508	\$ 4,406	\$ 26,914

Sources of governmental revenues, excluding transfers, are summarized below:

Source of Revenue	(in thousands)			
	2021		2020	
	Revenue	%	Revenue	%
Sales and use taxes	\$ 12,327	75	\$ 10,218	71
Franchise taxes	1,688	10	1,611	11
Charges for services	1,134	7	913	6
Intergovernmental grants and contributions	1,242	7	800	6
Investment and other income	89	1	794	6
Total	\$ 16,480	100	\$ 14,336	100

Revenues of the governmental funds increased by \$2.14 million. This increase is directly attributable to an increase in sales tax revenue, charges for services and intergovernmental grants and contributions during 2021.

Governmental expenditures are summarized as follows:

Functions	(in thousands)			
	2021		2020	
	Expenditures	%	Expenditures	%
General government	\$ 772	9	\$ 738	9
Health and welfare	125	2	120	2
Public works	5,543	66	5,991	76
Highway and streets	40	-	34	-
Public safety	670	8	641	8
Debt services	13	-	35	-
Capital outlay	1,279	15	352	5
Total	\$ 8,442	100	\$ 7,911	100

Governmental expenditures increased by \$531,000, or 7%. This increase is primarily attributable to an increase in public works expenditures during 2021 related to drainage maintenance projects.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year the City’s General Fund operating budget was amended, which is a customary practice of the City, to reflect the changes that occur with financial related matters throughout the fiscal year. The most significant changes during 2021 were as follows:

- Increase in sales and use tax revenues by \$2.1 million,
- Increase in charges for service revenues by \$166,000,
- Decrease in enforcement of administrative orders expenditures of \$68,000,
- Decrease in consulting and technical assistance expenditures of \$69,000,
- Decrease in investment income of \$173,000,
- Decrease in law enforcement expenditures of \$47,000,

With these adjustments, the budgeted change in fund balance was \$2.7 million more than the original budgeted change in fund balance of \$1.4 million.

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

#### Capital Assets

At the completion of the fiscal year ended June 30, 2021, the City had \$5.4 million invested in capital assets, net of accumulated depreciation of \$2.5 million, which was comprised of construction in progress, land, buildings, equipment, vehicles, and infrastructure.

	2021	2020
Construction in progress	\$ 1,743,972	\$ 502,094
Land	40,000	40,000
Buildings and improvements	139,064	151,007
Equipment	129,355	136,336
Vehicles	63,340	101,464
Infrastructure	3,337,170	3,605,199
Total assets, net of accumulated depreciation	\$ 5,452,901	\$ 4,536,100

The City elected to capitalize infrastructure assets, such as roads and bridges, on a prospective basis as a Phase 3 government, in accordance with GASB No. 34. As of June 30, 2021, the City has constructed \$4.8 of infrastructure since inception. More detailed information about the City’s capital assets is presented in Note 5 to the financial statements.

**Debt**

As of June 30, 2021, the City’s long-term debt is comprised of the following:

	<u>Beginning</u>			<u>Ending</u>	<u>Due within</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>one year</u>
Net pension obligation	\$176,448	\$ 27,662	\$ 21,455	\$182,655	\$ -
Capital lease obligation	24,315	-	11,952	12,363	12,363
Accrued compensated absences	<u>1,105</u>	<u>-</u>	<u>1,105</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$201,868</u>	 <u>\$ 27,662</u>	 <u>\$ 34,512</u>	 <u>\$195,018</u>	 <u>\$ 12,363</u>

More detailed information about the City’s long-term liabilities is presented in Notes 6 and 9 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS**

The City’s elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rates, including the national, state, and local economies. The General Fund’s revenue is budgeted to increase by 3% to \$10.2 million from the final 2021 budget for the 2022 fiscal year while expenditures are expected to increase by 38% to \$8.6 million. The City anticipates tax revenue to increase by \$261,000 and charges for services to decrease by \$3,000. Police department expenditures are expected to increase by \$210,000. Flood control expenditures are expected to increase \$1,000,000. Highway and Street expenditures are expected to increase \$420,000. Special events and economic development is expenditures are expected to increase by 208,000. The administration of the City has made it a priority to continue road improvements, infrastructure work, and to implement the Master Drainage Plan to help guide the City’s development with good, sound decisions.

**Contacting the City’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City’s Finance Office at (225)261-5988, www.centralgov.com or 13421 Hooper Road, Suite 8, Central, Louisiana, 70818.



**CITY OF CENTRAL, LOUISIANA**  
**BASIC FINANCIAL STATEMENTS**

**CITY OF CENTRAL, LOUISIANA**  
**STATEMENT OF NET POSITION**

June 30, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 31,545,525
Investments	21,497,614
Due from other governments	1,844,644
Accounts receivable	679,168
Prepaid and other assets	6,676
Capital assets:	
Nondepreciable	1,783,972
Depreciable, net	<u>3,668,929</u>
Total assets	61,026,528
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension liability	<u>43,120</u>
Total assets and deferred outflows of resources	<u>\$ 61,069,648</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 197,493
Contracts payable	231,458
Long-term debt:	
Due within one year	12,363
Net pension liability	<u>182,655</u>
Total liabilities	<u>623,969</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension liability	<u>4,054</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,440,538
Restricted for capital projects	15,017,951
Unrestricted	<u>39,983,136</u>
Total net position	<u>60,441,625</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 61,069,648</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA**  
**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2021

		<b>Program Revenues</b>			<b>Net (Expenses) Revenue and Changes in Net Position</b>
<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental activities:					
General government	\$ 836,213	\$ 1,133,797	\$ 142,484	\$ 9,400	\$ 449,468
Health and welfare	124,650	-	-	-	(124,650)
Public works	5,331,950	-	90,890	-	(5,241,060)
Highways and streets	520,233	-	-	956,784	436,551
Public safety	709,463	-	17,421	-	(692,042)
Interest on long-term debt	838	-	-	-	(838)
	<u>\$ 7,523,347</u>	<u>\$ 1,133,797</u>	<u>\$ 250,795</u>	<u>\$ 966,184</u>	<u>(5,172,571)</u>
 <b>General revenues:</b>					
Taxes:					
Sales					12,326,550
Franchise					1,688,445
Investment earnings					89,351
Other					2,423
					<u>14,106,769</u>
					8,934,198
					<u>51,507,427</u>
					<u>\$ 60,441,625</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2021

	<u>Special Revenue Funds</u>					<u>Capital Outlay and Improvement Fund</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>ESDRIM</u>	<u>Half Cent Sales Tax</u>	<u>MovEBR</u>	<u>Traffic Contribution</u>		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 11,584,077	\$ 6,227,757	\$ 3,530,253	\$ 2,949,212	\$ 250,612	\$ 7,003,614	\$ 31,545,525
Investments	8,561,332	7,031,341	5,904,941	-	-	-	21,497,614
Due from other governments	1,209,229	40,687	262,370	287,180	-	45,178	1,844,644
Accounts receivable	190,675	465,268	22,801	424	-	-	679,168
Prepaid and other assets	6,676	-	-	-	-	-	6,676
<b>Total assets</b>	<b>\$ 21,551,989</b>	<b>\$ 13,765,053</b>	<b>\$ 9,720,365</b>	<b>\$ 3,236,816</b>	<b>\$ 250,612</b>	<b>\$ 7,048,792</b>	<b>\$ 55,573,627</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 177,614	\$ 15,292	\$ 3,506	\$ -	\$ -	\$ -	\$ 196,412
Contracts payable	-	-	-	-	-	231,458	231,458
<b>Total liabilities</b>	<b>177,614</b>	<b>15,292</b>	<b>3,506</b>	<b>-</b>	<b>-</b>	<b>231,458</b>	<b>427,870</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	-	40,687	-	-	-	16,094	56,781
<b>FUND BALANCE</b>							
Nonspendable	6,676	-	-	-	-	-	6,676
Restricted for capital projects	-	-	9,716,859	3,236,816	-	2,064,276	15,017,951
Committed	6,339,683	13,709,074	-	-	-	4,736,964	24,785,721
Assigned	-	-	-	-	250,612	-	250,612
Unassigned	15,028,016	-	-	-	-	-	15,028,016
<b>Total fund balance</b>	<b>21,374,375</b>	<b>13,709,074</b>	<b>9,716,859</b>	<b>3,236,816</b>	<b>250,612</b>	<b>6,801,240</b>	<b>55,088,976</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 21,551,989</b>	<b>\$ 13,765,053</b>	<b>\$ 9,720,365</b>	<b>\$ 3,236,816</b>	<b>\$ 250,612</b>	<b>\$ 7,048,792</b>	<b>\$ 55,573,627</b>

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2021

Total net position reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds (Exhibit A-2)		\$	55,088,976
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.			5,452,901
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Capital leases	(12,363)		
Accrued interest	<u>(1,081)</u>		(13,444)
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures.			56,781
Pension related obligations that are not due and payable with current resources and, therefore, are not reported in governmental funds.			
Deferred outflows related to pension liability	43,120		
Net pension liability	(182,655)		
Deferred inflows related to pension liability	<u>(4,054)</u>		<u>(143,589)</u>
Net position of governmental activities (Exhibit A)		\$	<u>60,441,625</u>

**CITY OF CENTRAL, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

For the year ended June 30, 2021

	Special Revenue Funds					Capital Outlay and Improvement Fund	Total Governmental Funds
	General	ESDRIM	Half Cent Sales Tax	MovEBR	Traffic Contribution		
<b>REVENUES</b>							
Taxes:							
Sales and use	\$ 9,097,118	\$ -	\$ 1,627,730	\$ 1,601,702	\$ -	\$ -	\$ 12,326,550
Franchise	-	1,688,445	-	-	-	-	1,688,445
Charges for services	1,133,797	-	-	-	-	-	1,133,797
Intergovernmental grants and contributions	30,021	162,771	565	1,102	-	1,047,674	1,242,133
Investment income	73,469	1,242	14,640	-	-	-	89,351
Total revenues	10,334,405	1,852,458	1,642,935	1,602,804	-	1,047,674	16,480,276
<b>EXPENDITURES</b>							
Current function:							
General government	771,549	-	-	-	-	-	771,549
Health and welfare	124,650	-	-	-	-	-	124,650
Public works	4,637,993	564,929	-	-	-	341,012	5,543,934
Highways and streets	-	-	28,249	11,971	-	-	40,220
Public safety - police	670,054	-	-	-	-	-	670,054
Debt service:							
Principal	11,952	-	-	-	-	-	11,952
Interest	838	-	-	-	-	-	838
Capital outlay	36,924	-	-	-	-	1,241,878	1,278,802
Total expenditures	6,253,960	564,929	28,249	11,971	-	1,582,890	8,441,999
Excess (deficiency) of revenues over expenditures	4,080,445	1,287,529	1,614,686	1,590,833	-	(535,216)	8,038,277
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	87,937	87,937
Transfers out	-	-	(87,937)	-	-	-	(87,937)
Total other financing sources (uses)	-	-	(87,937)	-	-	87,937	-
Net change in fund balance	4,080,445	1,287,529	1,526,749	1,590,833	-	(447,279)	8,038,277
<b>FUND BALANCE</b>							
Beginning of year	17,293,930	12,421,545	8,190,110	1,645,983	250,612	7,248,519	47,050,699
End of year	\$ 21,374,375	\$ 13,709,074	\$ 9,716,859	\$ 3,236,816	\$ 250,612	\$ 6,801,240	\$ 55,088,976

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2021

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balance - total governmental fund (Exhibit A-4)		\$ 8,038,277
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.</p>		
Capital outlay	\$ 1,278,802	
Depreciation expense	<u>(371,401)</u>	907,401
<p>The net effect of various non-cash transactions involving capital assets (i.e., sales, trade-ins, and donations) is an increase to net assets.</p>		
		9,400
<p>Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures.</p>		
Operating grants		(32,287)
<p>The issuance of long-term debt for capital leases provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities. Similarly, payment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Principal payments on capital leases		11,952
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Net change in compensated abscesses payable		1,105
<p>Changes in net pension liability is reported only in the Statement of Activities.</p>		
		<u>(1,650)</u>
Change in net position of governmental activities (Exhibit A-1)		<u>\$ 8,934,198</u>

**CITY OF CENTRAL, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

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

The City of Central (City) was established on July 11, 2005 and is a political subdivision of the State of Louisiana. The City, under the provisions of the Lawrason Act, enacts ordinances, sets policy and establishes programs in such fields as public safety, public works, health and welfare, and highways and streets.

**Statement Presentation**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The significant accounting policies established in GAAP and used by the City are described below.

**Reporting Entity**

As the municipal governing authority, for reporting purposes, the City is considered a financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria for determining which component units should be considered part of the City for financial reporting purposes are as follows:

1. Appointing a voting majority of an organization's governing body and,
  - a. The ability of the Parish 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 Parish.
2. Organizations for which the Parish does not appoint a voting majority but which are fiscally dependent on the Parish.
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.

As required by generally accepted accounting principles, these financial statements present the City; there are no component units to be reported in the City's financial statements.



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Basis of Presentation**

The City's basic financial statements consist of the government-wide statements of the primary government (the City) and the fund financial statements (individual major funds and combined non-major funds). The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units.

### **Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities* generally are financed through taxes, intergovernmental revenues, investment income, and other nonexchange revenues.

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

### **Fund Financial Statements**

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund types are summarized into a single column in the basic financial statements. The City does not have any non-major funds or business-type categories.

The daily operations of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. The City does not have any proprietary or fiduciary funds.

(Continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Fund Financial Statements (continued)**

A fund is considered major if it is the primary operating fund of the City (the General Fund) or meets the following criteria:

- Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds of the primary government presented in the financial statements are described as follows:

### ***Governmental Fund Types***

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the City are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income. The following are the governmental fund types of the City:

***General Fund*** - The 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. The General Fund is always a major fund.

***Special Revenue Funds*** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds that are considered major funds are the Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund (ESDRIM Fund), the Half Cent Sales Tax Fund, the MovEBR Fund, and the Traffic Contribution Fund. The ESDRIM Fund and the Half Cent Sales Tax Fund account for the collection of franchise tax and restricted sales tax, respectively. The MovEBR Fund accounts for collection of restricted sales tax for the improvement of roads within the City. The Traffic Contribution Fund accounts for fees charged to local developers to assist with traffic related matters impacted by their developments.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Governmental Fund Types (continued)*

**Capital Outlay and Improvement Fund** - The Capital Outlay and Improvement Fund is used to account for the acquisition or construction of facilities and infrastructure. The Capital Outlay and Improvement Fund is considered a major fund.

### **Basis of Accounting and Measurement Focus**

#### *Government-wide financial statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Program revenues for governmental activities include operating and capital grants, and licenses and permits.

#### *Fund financial statements*

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services and other revenues are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the City receives value without directly giving value in return, include sales and use tax, franchise tax, and intergovernmental grants. Sales taxes and franchise taxes are recorded when in possession of the intermediary collecting agent and are recognized as revenue at that time and subject to the availability criteria. Intergovernmental grants are recorded as revenue when the City is entitled to the funds, generally corresponding to when grant related costs are incurred by the City, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments, and compensated absences which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Cash, Cash Equivalents, and Investments**

A consolidated bank account has been established into which substantially all monies are deposited and from which most disbursements are made. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The accounts entitled “Cash and cash equivalents” are therefore composed of a fund’s pro rata share of the cash balance in the consolidated cash account.

For an investment, 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 that are in the possession of an outside party. The investment policy of the City is governed by state statutes that include depository and custodial contract provisions. The City invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, corporate stocks, and fully collateralized interest-bearing checking accounts and certificates of deposit.

Other provisions require depositories to insure or collateralize all deposits in accordance with state statutory law and require securities collateralizing deposits to be held by an independent third party with whom the City has a custodial agreement. The City primarily invests idle funds in governmental obligations and commercial paper.

Investments are stated at fair market value. Unrealized gains and losses on investments recorded at fair value are included in investment income; such amounts, if any, are immaterial.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

### **Accounts Receivable and Due from Other Governments**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables and due from other governments are recognized as bad debts through the use of an allowance account or expensed at the time information becomes available indicating that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. Due from other governments amounts related to grants are estimates, and actual results may differ from those estimates. No allowance has been recorded at June 30, 2021.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Interfund Receivables/Payables**

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. There were no interfund receivables and payables as of June 30, 2021.

### **Deferred Outflows and Inflows of Resources**

#### ***Government-wide Statements***

In addition to assets in the government-wide financial statements, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The City has one item that qualifies for this category, which is deferred outflows related to pension liability and is reported in the government-wide statements.

In addition to liabilities in the government-wide financial statements, the Statement of Net Position or may report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) at that time. The City has one item that qualifies for this category, which is deferred inflows related to pension liability and is reported in the government-wide statements.

#### ***Fund Financial Statements***

In the fund financial statements, unavailable revenues are accounted as deferred inflows of resources. This item is reported only in the governmental funds balance sheet. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

### **Capital Assets**

The accounting treatment of property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (continued)**

***Government-wide Statements***

In the government-wide financial statements, long-term assets are accounted for as capital assets, which include land, buildings and improvements, equipment, vehicles and infrastructure assets (streets, roads, bridges and drainage systems). All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation and primarily relate to public safety equipment and vehicles. The City's capitalization policy stipulates a capitalization threshold of \$1,000.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are expensed. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life, as follows:

Buildings & improvements	5-7 years
Equipment	3-10 years
Vehicles	5 years
Infrastructure	10-20 years

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are recorded as capital outlay expenditures of the governmental fund types when purchased.

**Compensated Absences**

The City has the following policy relating to vacation and sick leave:

The full time employees of the City accrue four to five and a half hours of vacation leave, depending on length of service, for each two-week pay period worked for a total of 104 to 144 hours per year, respectively. Vacation is payable for up to 240 hours upon resignation, termination or retirement at the employee's current rate of pay.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Pensions

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 the Municipal Employees' Retirement System (MERS) and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

### Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance the acquisition of those assets.
- Restricted net position—consists of net position that is restricted by the City's creditors (for example, through debt covenants), by state or local enabling legislation (through restrictions on shared revenues or taxes), by grantors, and by other contributors.
- Unrestricted—all other net position is reported in this category.

In the government-wide net position, restricted resources available for use will be depleted prior to use of unrestricted resources.

### Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Governmental Fund Balances (continued)**

#### *Use of Restricted Resources*

When expenditures are incurred in governmental funds, the City's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

Fund balance represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The General Fund is the only fund that reports a positive unassigned fund balance, although other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned.

#### **Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget.

The General Fund annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent period. Such designation represents the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

#### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for depreciation, valuation of investments, grant receivables (due from other governments), and net pension liability.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 27, 2021, which was the date the financial statements were available to be issued.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits**

At June 30, 2021, the carrying amount of the City's deposits totaled \$31,545,525 and the related bank balances were \$32,017,286. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. Additionally, state law requires that deposits be fully secured. At June 30, 2021, the City's deposits were not exposed to any custodial risk.

The above stated bank balances for the City are collateralized as follows:

	Amount
Category 1 - Amount insured by the FDIC	\$ 250,000
Category 2 - Amount collateralized with securities held by pledging financial institution's trust department in the City's name	30,565,595
Balances not subject to categorization:	
Cash and cash equivalents in U.S. securities	1,201,691
Total bank balances	\$ 32,017,286

**Investments**

The City is authorized by LA RS 39:1211-1245 and 33:2955 to invest temporarily idle monies in United States bonds, treasury notes, commercial paper, certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments, or any other investment allowed by state statute for local governments.

At June 30, 2021, the fair value/carrying value of investments in U.S. agency obligations and commercial paper totaled \$21,497,614 with all securities maturing between 1 and 5 years. At year end, the City had no investments that were exposed to custodial credit risk.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The City's investment policy does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2021 consisted of the following:

	<u>Amount</u>
Sales and use tax	\$ 1,758,779
Grants	<u>85,865</u>
Total primary government	<u>\$ 1,844,644</u>

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021, were as follows:

	<u>Amount</u>
Franchise fees	\$ 439,494
LA Municipal Advisory & Technical Services Bureau	92,639
Investment interest	82,317
Building permits	20,054
Other	<u>44,664</u>
Total primary government	<u>\$ 679,168</u>

(Continued)

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	Beginning			Ending
<b>Governmental activities:</b>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	<u>502,094</u>	<u>1,241,878</u>	<u>-</u>	<u>1,743,972</u>
Total capital assets not being depreciated	<u>542,094</u>	<u>1,241,878</u>	<u>-</u>	<u>1,783,972</u>
<b>Capital assets being depreciated</b>				
Buildings and improvements	236,229	-	-	236,229
Equipment	502,845	45,039	-	547,884
Vehicles	479,801	1,285	-	481,086
Infrastructure	<u>4,867,558</u>	<u>-</u>	<u>-</u>	<u>4,867,558</u>
Total capital assets being depreciated	<u>6,086,433</u>	<u>46,324</u>	<u>-</u>	<u>6,132,757</u>
Total capital assets	<u>6,628,527</u>	<u>1,288,202</u>	<u>-</u>	<u>7,916,729</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	85,222	11,943	-	97,165
Equipment	366,509	52,020	-	418,529
Vehicles	378,337	39,409	-	417,746
Infrastructure	<u>1,262,359</u>	<u>268,029</u>	<u>-</u>	<u>1,530,388</u>
Total accumulated depreciation	<u>2,092,427</u>	<u>371,401</u>	<u>-</u>	<u>2,463,828</u>
<b>Depreciable capital assets, net</b>	<u>3,994,006</u>	<u>(325,077)</u>	<u>-</u>	<u>3,668,929</u>
<b>Total capital assets, net</b>	<u>\$4,536,100</u>	<u>\$ 916,801</u>	<u>\$ -</u>	<u>\$5,452,901</u>

Depreciation expense for the year ended June 30, 2021 charged to general government, public safety, and highways and streets functions was \$63,963, \$39,409, and \$268,029, respectively.

**NOTE 6 - LONG-TERM DEBT**

Long-term debt obligations for the primary government’s governmental activities at June 30, 2021 are as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Due within <u>one year</u>
Net pension obligation	\$176,448	\$ 27,662	\$ 21,455	\$182,655	\$ -
Capital lease obligation	24,315	-	11,952	12,363	12,363
Accrued compensated absences	<u>1,105</u>	<u>-</u>	<u>1,105</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>\$201,868</u></u>	<u><u>\$ 27,662</u></u>	<u><u>\$ 34,512</u></u>	<u><u>\$195,018</u></u>	<u><u>\$ 12,363</u></u>

**Debt Service Requirements to Maturity**

The annual debt service requirements to amortize outstanding long-term debt of the primary government’s governmental-type activities at June 30, 2021 are as follows:

	Capital Leases		
<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u><u>\$ 12,363</u></u>	<u><u>\$ 426</u></u>	<u><u>\$ 12,789</u></u>

**NOTE 7 - CONTINGENCIES**

**Risk Management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or the past three years.

**Contract Commitments**

As of June 30, 2021, the City had outstanding commitments from a construction contract in progress of approximately \$61,508, an engineering contract of \$85,700 and \$127,384 related to an architecture contract.

(Continued)

**NOTE 7 - CONTINGENCIES (CONTINUED)**

**Grants**

The City receives federal, state, and local grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of City management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

**NOTE 8 - INTERGOVERNMENTAL AGREEMENTS**

**Animal Control Services Agreement**

The City has a contractual arrangement whereby the Parish agrees to provide the services of the Parish's Animal Control Department to the City based on an annual fee. For the 2021 calendar year, the City will pay the Parish \$124,650 annually, or \$10,387 per month.

**City Operations Services Agreement**

The City entered into an agreement with Institute for Building Technology and Safety (IBTS) to provide management and operational services for City operations. In consideration for the service provided by IBTS under the new contract, the City will pay a base compensation for the remaining three years as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 4,233,137
2023	4,360,131

The City will compensate IBTS 100% of building permit fees for completed permits up to \$200,000 in a given year. If permit fees collected in a given year are greater than \$200,000, IBTS will refund the City 10% of the permit fees collected. Additionally, the City will pay drainage maintenance fees of \$28,123 and \$21,425 per mile for excavation and cleaning, respectively.

**NOTE 9 - PENSION PLAN**

Substantially all employees of the City can elect to be members of the Municipal Employees' Retirement System of Louisiana ("System"), Plan A, a cost sharing, multiple-employer defined benefit pension plan administered by a board of trustees.

(continued)

## NOTE 9 - PENSION PLAN (CONTINUED)

Pertinent information relative to the plan is as follows:

### **Plan Description**

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the Plan's year ended June 30, 2020, there were 88 contributing municipalities in Plan A.

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to the report can be found on System's website, [www.mersla.com](http://www.mersla.com), or the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

### **Funding Policy**

Plan members are required by state statute to contribute 9.50 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 27.75 percent of annual payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contribution to the System under Plan A for the years ended June 30, 2021, 2020 and 2019 was \$21,455, \$22,507, and \$20,257, respectively.

### **Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources**

At June 30, 2021, the City reported a net pension liability of \$182,655 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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.

Based on the actuarial valuation as of June 30, 2020, the City's proportion was 0.0422%, which did not change from its proportion measured as of June 30, 2019.

**NOTE 9 - PENSION PLAN (CONTINUED)**

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources  
(continued)**

For the year ended June 30, 2021, the City recognized pension expense of \$4,575.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85	\$ 1,036
Changes of assumptions	3,074	-
Net difference between projected and actual earnings on pension plan investments	18,225	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	55	3,018
Differences between allocated and actual contributions	226	-
Employer contributions subsequent to the measurement date	21,455	-
	\$ 43,120	\$ 4,054

The City reported \$21,455 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	MERS
2021	\$ 4,881
2022	5,916
2023	4,142
2024	2,672
	\$ 17,611

**NOTE 9 - PENSION PLAN (CONTINUED)**

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources  
(continued)**

**Actuarial 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
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.95%, net of investment expense, including inflation
Mortality	<p>PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, adjusted using respective male and female MP2018 scales</p> <p>PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using respective male and female MP2018 scales</p> <p>PubG-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale</p>
Salary Increases	<p>1 to 4 years of service- 6.4%</p> <p>More than 4 years of service- 4.5%</p>
Cost of Living Adjustments	<p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases 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.</p>



**NOTE 9 - PENSION PLAN (CONTINUED)**

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources  
(continued)**

**Actuarial Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. 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 assumptions used in the June 30, 2020 valuation were based on the results of an experience study for the period July 2013 through June 2018.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2014 through June 30, 2019. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 adjusting for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 6.95% for the year ended June 30, 2020.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in system target asset allocations as of June 30, 2020.

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

**NOTE 9 - PENSION PLAN (CONTINUED)**

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources  
(continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

**Sensitivity to Changes in Discount Rate**

The following presents the employer’s proportionate share of the net pension liability using the discount rate of 6.95%, as well as the employer’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by MERS:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<b>MERS</b>			
Discount Rates	5.95%	6.95%	7.95%
Share of Net Pension Liability	\$ 237,615	\$ 182,655	\$ 136,185

**NOTE 10 - NET POSITION AND GOVERNMENTAL FUND BALANCES**

**Restricted Net Position and Fund Balance**

Details of restricted net position and governmental fund balance as reported in the government-wide statement of net position and governmental funds’ balance sheets, are as follows:

	Amount
Net assets/fund balance restricted for:	
Capital projects and maintenance:	
Restricted sales tax for construction	\$ 9,344,905
Restricted sales tax for rehabilitation	2,001,281
Restricted sales tax for beautification	434,949
Total capital projects and maintenance	11,781,135
MovEBR:	
Restricted sales tax for roads, drainage, and community enhancement projects	3,236,816
Total restricted net position/fund balance	\$ 15,017,951

**NOTE 10 - NET POSITION AND GOVERNMENTAL FUND BALANCES (CONTINUED)**

**Committed Fund Balance**

Details of committed fund balance as reported in the governmental funds' Balance Sheets are as follows:

	Amount
Fund balance committed for:	
Operating reserve	\$ 6,339,683
Emergency, repairs and maintenance:	
Dedicated franchise tax for emergency	5,731,712
Dedicated franchise tax for drainage	3,946,800
Dedicated franchise tax for road maintenance	4,030,562
Capital outlay and improvements	4,736,964
Total committed fund balance	\$ 24,785,721

**NOTE 11 - COUNCIL MEMBER COMPENSATION**

During the year ended June 30, 2021, Council members received compensation, including per diem payments, as follows:

Council Members - term beginning January 1, 2020	Amount
Wade Evans	\$ 9,600
Joshua D. Roy	9,600
Dave Freneau	9,600
Briton J. Myer	9,600
Aaron McKinner	9,600
D'Ann Wells	9,600
Aaron Moak	4,500
Tim Lazaroe	4,500
Total	\$ 66,600

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CENTRAL, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>REVENUES</b>				
Sales and use taxes	\$ 6,750,782	\$ 8,972,179	\$ 9,097,118	\$ 124,939
Charges for services	869,503	1,037,605	1,133,797	96,192
Intergovernmental grants and contributions	12,000	38,821	30,021	(8,800)
Investment income	372,900	200,298	73,469	(126,829)
Total revenues	<u>8,005,185</u>	<u>10,248,903</u>	<u>10,334,405</u>	<u>85,502</u>
<b>EXPENDITURES</b>				
Current function:				
General government	953,798	816,570	771,549	45,021
Health and welfare	124,650	124,650	124,650	-
Public works	4,762,842	4,642,792	4,637,993	4,799
Public safety - police	727,380	680,170	670,054	10,116
Debt service	37,000	37,000	12,790	24,210
Capital outlay	5,450	1,450	36,924	(35,474)
Total expenditures	<u>6,611,120</u>	<u>6,334,232</u>	<u>6,253,960</u>	<u>80,272</u>
Excess of revenues over expenditures	1,394,065	3,914,671	4,080,445	165,774
<b>OTHER FINANCING USES</b>				
Proceeds from sale of capital assets	-	640	-	640
Net change in fund balance	<u>\$ 1,394,065</u>	<u>\$ 3,915,311</u>	4,080,445	<u>\$ 166,414</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>17,293,930</u>	
End of year			<u>\$ 21,374,375</u>	

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA  
ESDRIM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>REVENUES</b>				
Franchise taxes	\$ 1,581,000	\$ 1,625,940	\$ 1,688,445	\$ 62,505
Intergovernmental grants	-	-	162,771	162,771
Investment income	267,125	42,799	1,242	(41,557)
Total revenues	1,848,125	1,668,739	1,852,458	183,719
<b>EXPENDITURES</b>				
Current function:				
Public works	845,000	621,500	564,929	56,571
Net change in fund balance	\$ 1,003,125	\$ 1,047,239	1,287,529	\$ 240,290
<b>FUND BALANCE</b>				
Beginning of year			12,421,545	
End of year			\$ 13,709,074	

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA**  
**HALF CENT SALES TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Sales and use taxes	\$ 1,232,585	\$ 1,520,190	\$ 1,627,730	\$ 107,540
Intergovernmental grants and contributions	-	-	565	565
Investment income	<u>196,010</u>	<u>6,120</u>	<u>14,640</u>	<u>8,520</u>
Total revenues	<u>1,428,595</u>	<u>1,526,310</u>	<u>1,642,935</u>	<u>116,625</u>
<b>EXPENDITURES</b>				
Current function:				
Highways and streets	<u>30,146</u>	<u>31,211</u>	<u>28,249</u>	<u>2,962</u>
Excess of revenues over expenditures	1,398,449	1,495,099	1,614,686	119,587
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(100,000)</u>	<u>(88,000)</u>	<u>(87,937)</u>	<u>63</u>
Net change in fund balance	<u>\$ 1,298,449</u>	<u>\$ 1,407,099</u>	1,526,749	<u>\$ 119,650</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>8,190,110</u>	
End of year			<u>\$ 9,716,859</u>	

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA  
MOVEBR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Sales and use taxes	\$ 1,252,110	\$ 1,527,350	\$ 1,601,702	\$ 74,352
Intergovernmental grants and contributions	-	-	1,102	1,102
Total revenues	<u>1,252,110</u>	<u>1,527,350</u>	<u>1,602,804</u>	<u>75,454</u>
<b>EXPENDITURES</b>				
Current function:				
Highways and streets	<u>12,856</u>	<u>13,000</u>	<u>11,971</u>	<u>1,029</u>
Net change in fund balance	<u>\$ 1,239,254</u>	<u>\$ 1,514,350</u>	1,590,833	<u>\$ 76,483</u>
<b>FUND BALANCE</b>				
Beginning of year			<u>1,645,983</u>	
End of year			<u>\$ 3,236,816</u>	

The accompanying notes to financial statements  
are an integral part of this statement.



**CITY OF CENTRAL, LOUISIANA  
TRAFFIC CONTRIBUTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 17,000	\$ -	\$ -	\$ -
<b>FUND BALANCE</b>				
Beginning of year			<u>250,612</u>	
End of year			<u>\$ 250,612</u>	

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS (1) (2)**

For the year ended June 30, 2021

**Municipal Employees' Retirement System (MERS):**

<b>As of the plan year ended (2):</b>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>
Employer's Proportion of the Net Pension Liability (Asset)	0.0422%	0.0422%	0.0448%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 182,655	\$ 176,448	\$ 185,469
Employer's Covered-Employee Payroll	81,025	78,230	81,776
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	225%	226%	227%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	65%	64%
<b>As of the plan year ended (2):</b>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
Employer's Proportion of the Net Pension Liability (Asset)	0.0447%	0.0491%	0.0822%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 186,970	\$ 201,251	\$ 293,692
Employer's Covered-Employee Payroll	81,164	87,712	136,065
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	230%	229%	216%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63%	63%	66%
<b>As of the plan year ended (2):</b>	<u><b>2015</b></u>		
Employer's Proportion of the Net Pension Liability (Asset)	0.0035%		
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 89,646		
Employer's Covered-Employee Payroll	77,994		
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	115%		
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74%		

(1) Schedule is intended to show information for 10 years. Additional years will be presented as available.

(2) The amounts presented have a measurement date of MERS's prior June 30th fiscal year end.

**CITY OF CENTRAL, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**

**LAST TEN FISCAL YEARS (1)**

For the year ended June 30, 2021

**Municipal Employees' Retirement System (MERS):**

<u>As of the fiscal year ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
6/30/2021	\$ 21,455	\$ 21,455	\$ -	\$ 72,730	29.50%
6/30/2020	22,507	22,507	-	81,025	27.78%
6/30/2019	20,257	20,257	-	78,230	25.89%
6/30/2018	20,240	20,240	-	81,776	24.75%
6/30/2017	18,464	18,464	-	81,164	22.75%
6/30/2016	17,323	17,323	-	87,712	19.75%
6/30/2015	26,873	26,873	-	136,065	19.75%

*(1) Schedule is intended to show information for 10 years. Additional years will be presented as available.*

**CITY OF CENTRAL, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended June 30, 2021

**NOTE 1 - BUDGETS**

**Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal period. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget.

The General Fund annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures in the subsequent period. Such designations represent the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

**Basis of Accounting**

All of the City's funds' budgets are prepared on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended June 30, 2021. The City's basis of budgetary accounting follows generally accepted accounting principles.

**NOTE 2 - NET PENSION LIABILITY FOR MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

**Changes of Benefit Terms**

No changes.

**Changes of Assumptions**

In 2020, the inflation rate did not change. Investment rate of return decreased from 7.000% to 6.950%. Long-term expected real rate of return did not change.

In 2019, the inflation rate decreased from 2.60% to 2.50%. Investment rate of return decreased from 7.275% to 7.000%. Long-term expected real rate of return decreased from 7.28% to 7.00%.

**SUPPLEMENTARY INFORMATION**

**CITY OF CENTRAL, LOUISIANA**  
**CAPITAL OUTLAY AND IMPROVEMENT FUND - MAJOR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance - positive (negative)</b>
<b>REVENUES</b>				
Intergovernmental grants	\$ 1,552,436	\$ 1,098,190	\$ 1,047,674	\$ (50,516)
<b>EXPENDITURES</b>				
Current function:				
Public works	3,557,864	1,621,541	341,012	1,280,529
Capital outlay	1,061,182	194,400	1,241,878	(1,047,478)
Total expenditures	4,619,046	1,815,941	1,582,890	233,051
Deficiency of expenditures over revenues	(3,066,610)	(717,751)	(535,216)	182,535
<b>OTHER FINANCING SOURCES</b>				
Transfers in	100,000	88,000	87,937	(63)
Net change in fund balance	\$ (2,966,610)	\$ (629,751)	(447,279)	\$ 182,472
<b>FUND BALANCE</b>				
Beginning of year			7,248,519	
End of year			\$ 6,801,240	

The accompanying notes to financial statements  
are an integral part of this statement.

**CITY OF CENTRAL, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended June 30, 2021

**Agency Head: David Barrow, Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 55,000
Benefits - retirement	<u>16,225</u>
	<u>\$ 71,225</u>

**CITY OF CENTRAL**  
**SINGLE AUDIT SECTION**



## CITY OF CENTRAL, LOUISIANA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures (\$)
<b>U.S. Department of Homeland Security/FEMA</b>			
Passed through State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness:			
Public Assistance Disaster Grant Program - Hurricane Delta	97.036	FIPS # 033-13960-00	\$ 203,458
<b>U.S. Department of Transportation</b>			
Passed through the Louisiana Department of Transportation and Development/Highway Planning and Construction Cluster			
Highway Planning and Construction - Thibodeaux Road Project	20.205	H013546	701,989
Highway Planning and Construction - Sullivan Road Project	20.205	H002320	<u>197,795</u>
* Total Highway and Planning and Construction Cluster			<u>899,784</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,103,242</u>

\* Major Program

## CITY OF CENTRAL, LOUISIANA

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2021

#### NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity for the City under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed through other agencies.

#### NOTE 2 - BASIS OF ACCOUNTING

The City's Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended June 30, 2021. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### NOTE 3 - INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost as allowed under the Uniform Guidance.

#### NOTE 4 - RELATIONSHIP TO THE FEDERAL REPORTS

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

## **NOTE 5 - RELATIONSHIP TO THE FINANCIAL STATEMENTS**

Amounts reported on the Schedule were prepared from the same accounting records as were used to prepare the financial statements. Differences between amounts reported on the Schedule and the financial statements may exist due to recognition requirements as established by program regulations.

In the current fiscal year, the City recognized in its financial statements \$40,687 in federal revenues related to Hurricane Delta expenditures paid during the fiscal year. However, with respect to the Federal Emergency Management Agency (FEMA) assistance a non-Federal entity must record expenditures on the Schedule when: (1) FEMA has approved the non-Federal entity's project worksheet (PW), and (2) the non-Federal entity has incurred the eligible expenditures. The project worksheet was approved and therefore these expenditures are recorded in the Schedule.

## **NOTE 6 - NONCASH ASSISTANCE**

The City did not receive any federal noncash assistance for the fiscal year ended June 30, 2021.

**OTHER INDEPENDENT AUDITORS' REPORTS**

**CITY OF CENTRAL, LOUISIANA**

For the year ended June 30, 2021

**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***

The Honorable Mayor and  
Members of the City Council,  
City of Central, 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 and each major fund of the **CITY OF CENTRAL, LOUISIANA (CITY)** as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 27, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002.

## **The City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the City Council and management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 27, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and  
Members of the City Council  
City of Central, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the **CITY OF CENTRAL (CITY)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance on accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



This report is intended solely for the information and use of the City Council and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 27, 2021

**CITY OF CENTRAL, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2021

**1) Summary of Auditors' Results:**

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) Significant deficiency in internal control were disclosed by the audit of financial statements: **None.**

Material weaknesses: **None.**

- C) Noncompliance that is material to the financial statements: **2021-001 and 2021-002.**

- D) Significant deficiencies in internal control over major programs: **None**

Material weaknesses: **None**

- E) The type of report issued on compliance for major programs: **Unmodified opinion.**

- F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **None.**

- G) Identification of Major Programs:

**Federal Emergency Management Agency**

State of Louisiana/Department of Transportation and Development/Highway Planning and Construction Cluster

- 1) Highway Planning and Construction - Thibodeaux Road Project C.F.D.A. 20.205
- 2) Highway Planning and Construction - Sullivan Road Project C.F.D.A. 20.205

- H) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**

- I) Auditee qualified as low-risk auditee: **No.**

**2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: 2021-001 and 2021-002.**

**3) FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

(Continued)

#### 4) FINDINGS – NONCOMPLIANCE

##### 2021-001 Compliance with Louisiana Open Meetings Laws

**Fiscal Year Finding Originated:** 2021

**Criteria:** The Louisiana Open Meetings Laws requires every public meeting of any public body to be open to the public, unless an exception is granted pursuant to Louisiana Revised Statute (R.S) 42:16 (Executive sessions), R.S. 42:17 (Personnel, litigation, security personnel, investigative proceedings, cases of extraordinary emergency, student behavior), or R.S. 42:18 (Meetings during a gubernatorially declared disaster or emergency, included in provisions therein).

Per Louisiana Attorney General Opinion No. 84-0395, a public body includes any committee or subcommittee of the City governing authority, and the fact that committee cannot make a final decision on a matter does not remove meetings of that committee from the ambit of the Open Meetings Law requirements. A working committee of a municipality constitutes a public body when it meets to discuss matters over which it has authority or advisory power, even if the committee takes no binding action.

**Condition:** The City is required to comply with the Louisiana Open Meetings Laws for all City Council meetings, as well as meetings for any committees or subcommittees.

**Cause:** The City did not place notice of meetings to inform the public that a committee meeting was taking place, to provide for an opportunity for public participation. Additionally, the City did not take written minutes of these meetings.

**Effect:** The City may have not complied with all aspects of the Louisiana Open Meetings Laws with regard to notice of meetings (R.S. 42:19) or written minutes (R.S. 42:20).

**Recommendation:** The City should comply with all aspects of the Louisiana Open Meetings Laws for all City Council, City committee, subcommittee or advisory committee meetings.

**Views of responsible officials:** See management’s corrective action plan on Page 66.

4) **FINDINGS – NONCOMPLIANCE (CONTINUED)**

**2021-002 Compliance with Public Bid Law**

**Fiscal Year Finding Originated:** 2021

**Criteria:** The Louisiana Public Bid Law (Louisiana Revised Statute 38.2211) requires purchases of \$10,000 or more, but less than \$30,000 dollars, shall be made by obtaining no fewer than three quotes by telephone, facsimile, email, or any other printable electronic form.

**Condition:** The City is required to comply with Revised Statute 38.2211, Public Bid Law, for the procurement of materials and supplies.

**Cause:** During 2021, the City purchased materials and supplies (Christmas décor) in excess of \$10,000, but less than \$30,000, without obtaining three quotes for the purchase. The purchase consisted of Christmas décor in the amount of \$9,900, as well as labor for installation in the amount of \$7,500, to exceed the \$10,000 threshold in which three quotes are required to be obtained.

While the City was aware of the Louisiana Public Bid Law, it was not aware that the cost of installation and sequencing should have also been considered under the Louisiana Public Bid Law.

**Effect:** The City may have not complied with all aspects of the Public Bid Law.

**Recommendation:** The City should comply with the Public Bid Law for all purchases of materials and supplies and public works projects, as applicable.

**Views of responsible officials:** See management's corrective action plan on Page 68.

5) **FINDINGS – INTERNAL CONTROL**

None.

**CITY OF CENTRAL, LOUISIANA**

**SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2021

**2020-001 Failure to Maintain Records Showing Use of Donated Ammunition**

This finding is considered resolved.



December 29, 2021

Jacob D. Waguespack, CPA, MBA  
FAULK & WINKLER  
6811 Jefferson Highway  
Baton Rouge, LA 70806-8108

RE: City of Central 2020-2021 Audit – Proposed Findings of Noncompliance

Dear Mr. Waguespack:

We provide the following additional information regarding the proposed finding listed in the draft audit and request that you consider removing the proposed finding from the City of Central's 2020-2021 Audit.

**View of responsible officials regarding compliance with Open Meetings Law**

Resolution No. 2020-38 adopted on October 27, 2020 designated less than a quorum of the seven-member Council "to negotiate a draft proposal of a purchase agreement with representatives of the Central Community School System for the site on the southeast corner of Sullivan and Hooper Roads for City Hall." As stated in Resolution No. 2020-38, "there is no legal requirement for the Council for the City of Central to authorize" less than a quorum of the Council to discuss any matter with representatives of the Central Community School System.

Further, Resolution No. 2020-38 was an expression of the designated Council Members' "desire to operate with full disclosure and transparency by having this matter discussed in a public meeting", which was attended by the full City Council and chaired by the Mayor, and was not intended to or effective in forming a committee or subcommittee of the Council. Resolution No. 2020-38 informed the public of the intent of the designated Council Members to "present the draft to the full City Council at a public meeting for discussion and possible approval."


Additionally, in order to fall under the requirements of the Open Meetings Law, LA R.S. 42:13 requires that the informal meeting of these members of the Council would have to possess "policy making, advisory, or administrative functions" of the City Council. There were clearly no policy making or administrative functions granted by the Council. The purpose stated in Resolution 2020-38 was to bring a draft document "to the full City Council at a public meeting for discussion and possible approval." There was no charge or purpose to offer any advice on the document and no advice was given to the City Council. These informal meetings of less than a quorum of the Council had no advisory purpose or function.

On January 7, 2021, a Special Public Meeting of City Council and Workshop was conducted at the request of the Council Members designated in Resolution No. 2020-38. The Special Public Meeting and Workshop complied with R.S. 42:16. See [https://df58e574-b0df-43e6-b693-ccc8abb36548.filesusr.com/ugd/1872b0\\_ae9dc18fe\\_2874f\\_498\\_b2458ceb12b273e.pdf](https://df58e574-b0df-43e6-b693-ccc8abb36548.filesusr.com/ugd/1872b0_ae9dc18fe_2874f_498_b2458ceb12b273e.pdf).

Subsequently, the funding referenced in Resolution No. 2020-38 appropriated in Act No. 2 (2020 1<sup>st</sup> E.S.) dedicated to an administrative building and a parking lot for an administrative building became unavailable to the City of Central. Further, the proposed building location shown in the rendering referenced in Resolution No. 2020-38 is no longer an available site. Due to changes in circumstances Resolution No. 2020-38 became ineffective prior to the end of the 2020-2021 fiscal year. No public funds were appropriated for the purchase of the site referenced in Resolution No. 2020-38.


The informal meeting of less than a quorum of the Council resulted in no action or advice, was not a committee of the Council, and possessed no advisory function, therefore the inclusion of the finding is not warranted.

Sincerely,



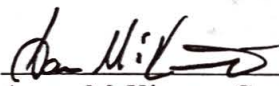
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Wade Evans, Councilmember – City of Central



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Dave Freneaux, Councilmember – City of Central



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Aaron McKinney, Councilmember – City of Central



December 30, 2021

VIA EMAIL: [JWaguespack@fw-cpa.com](mailto:JWaguespack@fw-cpa.com)

Jacob D. Waguespack, CPA, MBA  
 FAULK & WINKLER  
 6811 Jefferson Highway  
 Baton Rouge, LA 70806-8108

RE: City of Central 2020-2021 Audit – Proposed Finding of Noncompliance

Dear Mr. Waguespack:

On behalf of the City of Central, I provide the following additional information regarding the proposed finding relative to the Public Bid Law in the draft of the 2020-2021 audit and request that you consider removing the proposed finding from the City of Central 2020-2021 Audit.

**View of responsible official regarding compliance with Public Bid Law**

The transaction at issue was for the procurement of equipment and services for Central’s Christmas light display. The equipment cost was less than the threshold of \$10,000 requiring three quotes. When the cost of the materials and supplies is less than \$10,000, La. R.S. 38:2212.1(A) is inapplicable. The invoice includes the following items:

1.	Christmas Tree Pixels and Controller (46 stands of 100 count pixel strings, in mounting strips) (Tree pole equipment loaner this year)	<b>\$7,000</b>
2.	Crepe Myrtle Pixels (5 trees with pixels, 8 strings of 100 pixels mounted to strips and secured by major branches. Includes pixels, mounting strips and controllers)	<b>\$2,900</b>
3.	Sequencing (3 songs)	<b>\$2,500</b>
4.	Setup and Takedown	<b>\$5,000</b>
	<b>TOTAL PAID</b>	<b>\$17,400</b>

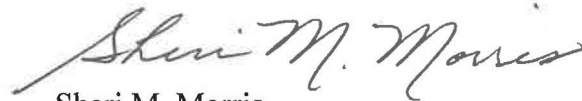


La. A.G. Op. No. 14-0142 addressed contracts for “the merger of services with the purchase of materials and supplies” and concluded “a factual determination must be made as to whether the predominant or substantial component of the contract is either services, or materials and supplies.” The determination is required when unlike the foregoing invoice, there is no “financial breakdown between the costs and expenses related to the services and equipment and décor” available and the agreement reveals the amount of materials and supplies component is significant. For the materials to be significant, the value must be in excess of the threshold in La. R.S. 38:2212.1.

The rationale for analyzing contracts with both materials and services is to prevent circumventing the procurement requirements of La. R.S. 38:2212.1 by combining a materials purchase of an amount exceeding a threshold in La. R.S. 38:2212.1 with services. Where the material cost is less than \$10,000, La. R.S. 38:2212.1 does not require consideration of the value of the services. In La. A.G. Op. 13-224, a purchase of materials in excess of \$10,000 was not required to be added to the cost of the related services because the procurement process for the materials was appropriate.

If you are unable to remove the foregoing proposed finding from Central’s 2020-2021 Audit, I request that this correspondence be included as the “Views of responsible official.”

Very truly yours,

A handwritten signature in cursive script that reads "Sheri M. Morris". The signature is written in black ink and is positioned above the printed name.

Sheri M. Morris