

CITY OF OAKDALE, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2019

Royce T. Scimemi, CPA, APAC
Oberlin, LA

TABLE OF CONTENTS

	<u>Pages</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)	3-12
INDEPENDENT AUDITORS' REPORT	13-14
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Position	17
Statement of Activities	18
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Funds	21
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	23
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with Statement of Activities	24
Statement of Net Position - Proprietary Fund	25
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	26
Statement of Cash Flows - Proprietary Fund	27-28
NOTES TO BASIC FINANCIAL STATEMENTS	29-59
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules:	
General Fund	61-64
Sales Tax Special Revenue Fund	65
Gaming Special Revenue Fund	66
Fire Department Special Revenue Fund	67
Schedules of City's Proportionate Share of Net Pension Liabilities	68-71
Schedules of City's Pension Plan Contributions	72-75
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	76
OTHER SUPPLEMENTARY INFORMATION	
Statement of Operating Expenses by Department-Proprietary Fund	78
Schedule of Number of Utility Customers (Unaudited)	79
Schedule of Insurance in Force (Unaudited)	80
Schedule of Compensation Paid to Mayor and Council Members	81
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	82
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	83-84
SCHEDULE OF FINDINGS AND RESPONSES	85-87
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS AND RESPONSES (UNAUDITED)	88
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	89

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis

Within this section of the City of Oakdale, Louisiana's annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$9,052,976 (net position) for the fiscal year reported.
- Total revenues of \$5,000,409 exceeded its total expenses of \$4,402,521 which resulted in a current year surplus of \$597,888. In comparison, for the previous year ended June 30, 2018, the City's total revenues of \$5,136,756 exceeded its total expenses of \$4,588,238, yielding a surplus of \$548,518.
- Total net position are comprised of the following:
 - (1) Capital assets, net of related debt, of \$8,665,764 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. In comparison, as of June 30, 2018, the City's net capital assets were \$9,450,186.
 - (2) For the fiscal years ended June 30, 2019 and 2018, respectively, net position of \$1,420,688 and \$510,477 were restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position, representing the portion of net position available to maintain the City's continuing obligations to citizens and creditors, amounted to deficits of \$1,033,476 and \$1,505,575 for the fiscal years ended June 30, 2019 and 2018, respectively.
- The City's governmental funds reported total ending fund balance of \$1,998,567 this year. This compares to the prior year ending fund balance of \$706,701 reflecting an increase of \$1,291,866 during the current year. For the prior year ended June 30, 2018, a decrease of \$55,015 was reported in the total ending fund balance. All positive fund balances are nonspendable, unassigned, assigned, or restricted to particular uses as classified on the balance sheet.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a surplus of \$390,136, or 15% of total General Fund expenditures and 13% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2018, unassigned fund balance for the General Fund was a surplus of \$14,217, or 1% of total General Fund expenditures and 1% of total General Fund revenues including other financing sources.
- Overall, the City substantially improved on its financial position and is continuing to work to improve on it.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the City's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base, or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales and ad valorem taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities principally include general government, public safety and streets. Business-type activities include the water and sewer systems.

The government-wide financial statements are presented on pages 17 and 18 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. There is no individual fund data for non-major funds to be reported in any combining statements.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

The City has two kinds of funds:

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 21 through 24 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 25 through 28 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 29 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information consisting of (1) the management's discussion and analysis (on pages 3 – 12), (2) the budgetary comparison statements which demonstrate compliance with the City's adopted and final revised budgets (on pages 61 – 67), (3) the schedules of the City's proportionate share of net pension liability for the Municipal Police Employee Retirement System (MPERS), Municipal Employee Retirement System (MERS), Firefighters Retirement System of Louisiana (FRS), and Louisiana State Employees Retirement System (LASERS) (on pages 68-71), (4) and the related schedules of pension plan contributions (on pages 72 – 75).

Other supplementary information is presented in a subsequent section of this report beginning on page 78, including the proprietary fund's statement of operating expenses by department, the schedule of number of utility customers, the schedule of insurance in force, the schedule of compensation paid to the Mayor and Council members, and the schedule of compensation, benefits and other payments to the chief executive officer.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's net position at fiscal year-end is \$9,052,976. The following table provides a summary of the City's net position:

	Governmental Activities	Business-Type Activities	2019 Total	Percentage Total	2018 Total
Assets:					
Current assets	\$ 912,788	\$ 307,330	\$ 1,220,118	8%	\$ 1,072,442
Restricted assets	1,244,839	259,227	1,504,066	9	592,140
Capital assets	<u>5,757,041</u>	<u>7,529,737</u>	<u>13,286,778</u>	<u>83</u>	<u>12,311,114</u>
Total assets	<u>7,914,668</u>	<u>8,096,294</u>	<u>16,010,962</u>	<u>100%</u>	<u>13,975,696</u>
Deferred outflows of resources	<u>811,121</u>	<u>-</u>	<u>811,121</u>	<u>100%</u>	<u>977,685</u>
Liabilities:					
Current liabilities	419,280	188,760	608,040	8%	751,067
Long-term liabilities	<u>4,539,397</u>	<u>2,041,378</u>	<u>6,580,775</u>	<u>92</u>	<u>5,441,884</u>
Total liabilities	<u>4,958,677</u>	<u>2,230,138</u>	<u>7,188,815</u>	<u>100%</u>	<u>6,192,951</u>
Deferred inflows of resources	<u>580,292</u>	<u>-</u>	<u>580,292</u>	<u>100%</u>	<u>305,342</u>
Net Position:					
Investment in capital assets, net of debt	3,252,205	5,413,559	8,665,764	96	9,450,186
Restricted	1,244,839	175,849	1,420,688	15	510,477
Unrestricted	<u>(1,310,224)</u>	<u>276,748</u>	<u>(1,033,476)</u>	<u>(11)%</u>	<u>(1,505,575)</u>
Total net position	<u>\$ 3,186,820</u>	<u>\$ 5,866,156</u>	<u>\$ 9,052,976</u>	<u>100%</u>	<u>\$ 8,455,088</u>

The City improved upon previously weak current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 2.18 to 1 for governmental activities and 1.63 to 1 for business-type activities. This compares with the prior year's ratios of 1.68 to 1 and 1.19 to 1, respectively. For the City overall, the current ratio is 2.01 to 1 while that same financial indicator was 1.43 to 1 for the fiscal year ended June 30, 2018. These ratios are similar to the past year's performance.

The City reported positive balances in net position for both governmental and business-type activities. For the fiscal years ended June 30, 2019 and 2018, respectively, net position increased (decreased) by \$501,123 and (\$70,350) for governmental activities and by \$96,765 and \$618,868 for business-type activities. The City's overall financial position improved significantly during the fiscal year ended in June 30, 2019.

Note that approximately 102% and 154% of the governmental activities' net position are tied up in capital assets as of June 30, 2019 and June 30, 2018, respectively. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has invested approximately 92% and 92% of its net position on capital assets during the respective fiscal years ended June 30, 2019 and 2018. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. For the respective fiscal years ended June 30, 2019 and 2018, 96% and 112% of the City's total net position were invested in capital assets, net of related debt.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

The following table provides a summary of the City's changes in net position:

	Governmental Activities	Business-Type Activities	2019 Total	% Total	2018 Total	% Total
Revenues:						
Program:						
Charges for services/fines	\$ 282,472	\$ 2,001,465	\$ 2,283,937	46%	\$ 2,145,223	42%
Operating grants	74,750	-	74,750	1%	69,500	1%
Capital grants	-	319,490	319,490	6%	568,908	11%
General:						
Sales taxes	1,245,927	-	1,245,927	25%	1,229,548	24%
Other taxes	732,210	-	732,210	15%	728,771	14%
Other revenues	<u>343,192</u>	<u>903</u>	<u>344,095</u>	<u>7%</u>	<u>394,806</u>	<u>8%</u>
Total Revenues	<u>2,678,551</u>	<u>2,321,858</u>	<u>5,000,409</u>	<u>100%</u>	<u>5,136,756</u>	<u>100%</u>
Program expenses:						
General government	895,035	-	895,035	20%	962,623	21%
Public safety:						
Police	1,071,724	-	1,071,724	24%	1,242,291	27%
Fire	382,352	-	382,352	9%	391,847	8%
Public works	596,186	-	596,186	14%	532,077	12%
Health and recreation	181,167	-	181,167	4%	183,727	4%
Interest	87,818	20,909	108,727	2%	49,857	1%
Utility expenses	-	<u>1,167,330</u>	<u>1,167,330</u>	<u>27%</u>	<u>1,225,816</u>	<u>27%</u>
Total Expenses	<u>3,214,282</u>	<u>1,188,239</u>	<u>4,402,521</u>	<u>100%</u>	<u>4,588,238</u>	<u>100%</u>
Excess (deficiency)	(535,731)	1,133,619	597,888		548,518	
Transfers	<u>1,036,854</u>	<u>(1,036,854)</u>	-		-	
Change in net position	501,123	96,765	597,888		548,518	
Beginning net position	<u>2,685,697</u>	<u>5,769,391</u>	<u>8,455,088</u>		<u>7,906,570</u>	
Ending net position	<u>\$ 3,186,820</u>	<u>\$ 5,866,156</u>	<u>\$ 9,052,976</u>		<u>\$ 8,455,088</u>	

GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations. Sales taxes equal 47% of the revenues for governmental activities, as compared with 45% in the prior year. Also note that program revenues cover only 11% (11% in the year ended June 30, 2018) of governmental operating expenses. This means that the government's taxpayers and the City's other general revenues fund 89% (89% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended June 30, 2019 and 2018, respectively, police services comprised 24% and 27% of the City's total expenses and 33% and 37% of the total governmental expenses. For the fiscal years ended June 30, 2019 and 2018, total public safety makes up 45% and 49% of the total governmental expenses.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

Governmental Activities

	2018		2019	
	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>
General government	\$ 962,623	\$ 735,141	\$ 895,035	\$ 669,411
Public safety:				
Police	1,242,291	1,127,816	1,071,724	958,126
Fire	391,847	373,847	382,352	364,352
Public works	532,077	532,077	596,186	596,186
Health and recreation	183,727	183,727	181,167	181,167
Interest on long-term debt	27,930	27,930	87,818	87,818
Total	<u>\$ 3,340,495</u>	<u>\$ 2,980,538</u>	<u>\$ 3,214,282</u>	<u>\$ 2,857,060</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 8% more than 2018 and operating expenses were 5% less than 2018. Within the total business-type activities of the City, these activities reported a \$834,135 operating income compared to an operating income of \$628,950 for the prior year. However, after operating transfers out, the business-type activities reported a surplus of \$96,765, which compares with the overall fund surplus of \$618,868 experienced in the year ended June 30, 2018.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,998,567 and \$706,701 for the fiscal years ended June 30, 2019 and 2018, respectively. Of the year-end totals for June 30, 2019, \$515,737 was unassigned, indicating availability for continuing City service requirements. Assigned fund balance included \$279,042 committed to public safety, public works and infrastructure. Legally restricted fund balance included \$1,169,877 committed to debt service in the year ended June 30, 2019, while nonspendable fund balance was \$33,911.

The total ending fund balances of governmental funds show an increase of \$1,291,866. This compares with a decrease of \$55,015 experienced in the prior fiscal year ended June 30, 2018.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$376,474 in the current fiscal year, while in the fiscal year ended June 30, 2018, the fund balance decreased by \$280,160. However, the reader needs to remember that the City controls these differences by the amount of resources it transfers in from the City's other funds.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

The General Fund revenues decreased \$56,184 or 6% less than the prior year reflecting primarily decreases in miscellaneous income. The General Fund expenditures decreased \$97,717 or 4% less than the prior year reflecting primarily decreases in capital outlays. The General Fund's ending fund balance was \$424,047 representing the equivalent of 16% of its annual expenditures and 14% of its annual revenues including other financing sources.

The Sales Tax Fund continues to maintain a moderate fund balance with revenues in 2019 increasing by \$16,359 or 1% more than those earned in the fiscal year ended June 30, 2018, which had been less than 1% more than those earned in the preceding year. Expenditures consisted completely of transfers to other funds.

The Gaming Fund continues to maintain a moderate fund balance as revenues decreasing by \$9,328 or 6% less than those earned in the fiscal year ended June 30, 2018, which had experienced a 9% increase from the preceding year. Expenditures consisted solely of transfers to other funds.

The Fire Department Fund continues to maintain a negative fund balance with revenues decreasing by \$20,421 or 12% less than those earned in the fiscal year ended June 30, 2018. The expenditures side shows an increase of \$40,793 or 12% more than the prior fiscal year reflecting primarily increases in repairs and maintenance.

The Debt Service Fund is used to accumulate monies for the payment of principal and interest on long-term indebtedness and is maintaining a moderate fund balance with revenues increasing by \$47,688 or 45% more than those in the fiscal year ending June 30, 2018. The expenditure side shows a decrease of \$33,649 or 17% less than those in the fiscal year ended June 30, 2018. Shortfalls are generally covered by transfers from other funds.

THE PROPRIETARY FUNDS

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status.

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and expenditure sides of the current year final budget for the General Fund were revised by a \$503,465 decrease and a \$20,486 decrease, respectively in relation to the prior year's final budget. The primary change in the General Fund's amended revenue budget relates to increases in miscellaneous income, and the amended expenditure budget reflects decreases in general government expenditures. The actual revenues were exceeded by the final budget by \$166,785 or 15% and the actual expenditures exceeded the final budgeted expenditures by \$78,709 or 3%.

The Sales Tax Fund - Budgeted revenues and expenditures in the current year final budget for the Sales Tax Fund did not change in relation to the prior year's final budget. The primary change in the Sales Tax Fund's amended revenue budget relates to increases in sales tax revenue. The actual revenues exceeded the final budget revenues by \$21,149 or less than 2% and the actual expenditures equaled final budgeted expenditures of \$0.

The Gaming Fund - Budgeted revenues in the current year final budget for the Gaming Fund increased \$20,000 in relation to the prior year final budget. The primary change in the Gaming Fund amended revenue budget relates to increases in gaming income. The actual revenues exceeded the final budgeted revenues by \$8,985 or 6% and the actual expenditures equaled the final budget expenditures of \$0.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

The Fire Department Fund - The revenue and expenditure sides of the current year's final budget for the Fire Department Fund were revised by a decrease of \$18,000 and a \$28,970 decrease, respectively in relation to the prior year's final budget. The primary change in the Fire Department Fund's amended budget relates to the increase in ad valorem tax income and the increase in vehicle expenses. The actual revenues were exceeded by the final budgeted revenues by \$2,422 or 2% and the actual expenditures exceeded the final budgeted expenditures by \$51,999 or 16%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investments in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2019, were \$5,757,041 and \$7,529,737, respectively, while those figures as of June 30, 2018, were \$4,711,425 and \$7,599,689 respectively. The overall increase was 8% for the City as a whole. A major construction project was underway at the beginning of the year for sewer system improvements. The total contract amounts for construction, engineering, and grant writing assistance on that project amounted to \$951,465. The total expended in prior years was 656,983 and the total expended in the current fiscal year was \$294,482. This project was completed during the current fiscal year-end. This project was completely funded by a federal grant. A major construction project began during this fiscal year for street improvements. The total contract amounts for construction, engineering, and grant writing assistance on that project amounted to \$1,072,075. The total expended in the current fiscal year was the full \$1,072,075. However, the administration was unsatisfied with some of the work completed and have withheld \$74,962 from the contractor and engineers until those corrections are made. The contractor is expected to make these corrections in fiscal year ended June 30, 2019. This street improvement project was funded by the issuance of \$2,000,000 in general obligation bonds. \$176,176 in equipment acquisitions and \$22,945 in bond acquisition costs were spent out of these bond proceeds. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Non-depreciable assets:						
Land	\$ 532,583	\$ 532,583	\$ 70,543	\$ 70,543	\$ 603,126	\$ 603,126
Construction in progress	-	1,072,075	656,983	-	656,983	1,072,075
Total non-depreciable	<u>532,583</u>	<u>1,604,658</u>	<u>727,526</u>	<u>70,543</u>	<u>1,260,109</u>	<u>1,675,201</u>
Depreciable assets:						
Buildings	5,840,272	5,852,272	-	-	5,840,272	5,852,272
Vehicles	1,282,035	1,442,040	-	-	1,282,035	1,442,040
Equipment, furniture and fixtures	1,512,887	1,674,010	-	-	1,512,887	1,674,010
Improvements other than buildings	1,244,723	1,251,993	-	-	1,244,723	1,251,993
Utility systems	-	-	16,677,222	17,651,765	16,677,222	17,651,765
Infrastructure	<u>1,527,400</u>	<u>1,527,400</u>	<u>-</u>	<u>-</u>	<u>1,527,400</u>	<u>1,527,400</u>
Total depreciable assets	11,407,317	11,747,715	16,677,222	17,651,765	28,084,539	29,399,480
Less accumulated depreciation	<u>7,228,475</u>	<u>7,595,332</u>	<u>9,805,059</u>	<u>10,192,571</u>	<u>17,033,534</u>	<u>17,787,903</u>
Book value-depreciable assets	<u>\$ 4,178,842</u>	<u>\$ 4,152,383</u>	<u>\$ 6,872,163</u>	<u>\$ 7,459,194</u>	<u>\$ 11,051,005</u>	<u>\$ 11,611,577</u>
Percentage depreciated	63%	65%	59%	58%	61%	61%
Book value-all assets	<u>\$ 4,711,425</u>	<u>\$ 5,757,041</u>	<u>\$ 7,599,689</u>	<u>\$ 7,529,737</u>	<u>\$ 12,311,114</u>	<u>\$ 13,286,778</u>

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

The depreciable capital assets for governmental activities were 65% and 63% depreciated for the fiscal years ended June 30, 2019 and June 30, 2018, respectively. This comparison indicates that the City is replacing its future governmental assets slower than they are depreciating. However, it doesn't account for the depreciation on the street improvement project that is not yet considered complete.

The major asset additions included:

- Street improvement project - incomplete
- Tractor
- 4 vehicles

With the City's business-type activities, 58% of the asset values were depreciated at June 30, 2019 compared to 59% at June 30, 2018. This comparison indicates that the city is replacing its business-type assets at a rate faster than they are depreciating.

The major asset additions included:

- Sewer improvement project - completed

Long-term debt

At the end of the fiscal year, the City had total long-term debt outstanding of \$4,611,006. All of this amount is backed by the full faith and credit of the City with debt service funded by sales taxes and sewer fund revenues.

During the year, the City issued \$2,071,062 and retired \$305,192 in long-term debt. See Note G for additional information regarding long-term debt.

	Outstanding Borrowings	
	2018	2019
Sewer revenue bonds	\$ 2,264,000	\$ 2,112,000
Revolving loan	333,412	224,412
General obligation bond	-	2,000,000
Capital lease obligations	222,072	248,281
Accrued leave benefits	<u>25,652</u>	<u>26,313</u>
Total	<u>\$ 2,845,136</u>	<u>\$ 4,611,006</u>

ECONOMIC CONDITIONS AFFECTING THE CITY

The City's primary revenue stream comes from utility charges and sales taxes, which are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

The current compact with the Coushatta Tribe of Louisiana began in 2001 and automatically renewed in 2007. The gaming revenues to be submitted to the City were scheduled in that compact to be at \$410,000 per year to assist with increased critical services like fire protection, police protection, and construction, maintenance, and repair of municipal infrastructure and housing. Recent gaming payments to the City for the current fiscal year were \$158,244. This represents a decrease of 61% of the funding from the original compact.

CITY OF OAKDALE, LOUISIANA

Management's Discussion and Analysis (Continued)

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City's Mayor, Gene Paul, P.O. Box 728, Oakdale, LA 71463.

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

December 31, 2019

Honorable Gene Paul, Mayor
and the City Council
City of Oakdale, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Oakdale, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Oakdale, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Oakdale, Louisiana, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Oakdale, Louisiana's financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 12 and 61 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oakdale, Louisiana's basic financial statements. The proprietary fund statement of operating expenses by department, the schedule of number of utility customers, the schedule of insurance in force, the schedule of compensation paid to the Mayor and Council Members, and the schedule of compensation, benefits and other payments to chief executive officer are presented on pages 78 through 82 for purposes of additional analysis and are not a required part of the basic financial statements.

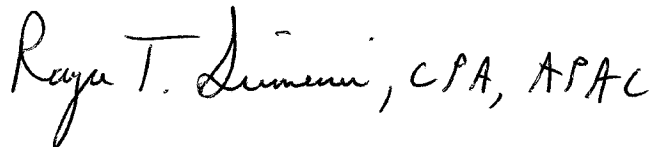
The proprietary fund statement of operating expenses by department, the schedule of compensation paid to the Mayor and Council Members, and the schedule of compensation, benefits and other payments to chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the proprietary fund statement of operating expenses by department, the schedule of compensation paid to the Mayor and Council Members, and the schedule of compensation, benefits and other payments to chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of number of utility customers and schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019, on our consideration of the City of Oakdale, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Oakdale, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oakdale, Louisiana's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

City of Oakdale, Louisiana
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash and certificates of deposit	\$ 535,239	\$ 19,142	\$ 554,381
Prepaid expenditures	33,911	--	33,911
Accounts receivable	343,638	288,188	631,826
<i>Total Current Assets</i>	<u>912,788</u>	<u>307,330</u>	<u>1,220,118</u>
<i>Noncurrent Assets:</i>			
Restricted cash and certificates of deposit	1,244,839	259,227	1,504,066
Land	532,583	70,543	603,126
Capital assets, net	5,224,458	7,459,194	12,683,652
<i>Total Noncurrent Assets</i>	<u>7,001,880</u>	<u>7,788,964</u>	<u>14,790,844</u>
Total Assets	<u>7,914,668</u>	<u>8,096,294</u>	<u>16,010,962</u>
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	811,121	--	811,121
Total Deferred Outflows of Resources	<u>811,121</u>	<u>--</u>	<u>811,121</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Sales taxes payable	--	7,153	7,153
Accounts payable	159,060	23,429	182,489
Accrued interest payable	32,143	4,178	36,321
Capital leases payable	43,077	--	43,077
Bonds payable	185,000	154,000	339,000
<i>Total Current Liabilities</i>	<u>419,280</u>	<u>188,760</u>	<u>608,040</u>
<i>Noncurrent Liabilities:</i>			
Accrued compensated absences payable	26,313	--	26,313
Customer deposits payable	--	83,378	83,378
Capital leases payable	205,204	--	205,204
Bonds payable	2,039,412	1,958,000	3,997,412
Net pension liability	2,268,468	--	2,268,468
<i>Total Noncurrent Liabilities</i>	<u>4,539,397</u>	<u>2,041,378</u>	<u>6,580,775</u>
Total Liabilities	<u>4,958,677</u>	<u>2,230,138</u>	<u>7,188,815</u>
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	580,292	--	580,292
Total Deferred Inflows of Resources	<u>580,292</u>	<u>--</u>	<u>580,292</u>
NET POSITION			
Invested in capital assets, net of related debt	3,252,205	5,413,559	8,665,764
Restricted	1,244,839	175,849	1,420,688
Unrestricted	(1,310,224)	276,748	(1,033,476)
Total Net Position	<u>\$ 3,186,820</u>	<u>\$ 5,866,156</u>	<u>\$ 9,052,976</u>

See accompanying notes.

City of Oakdale, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 895,035	\$ 225,624	\$ --	\$ --	\$ (669,411)	\$ --	\$ (669,411)
Public safety - police	1,071,724	56,848	56,750	--	(958,126)	--	(958,126)
Health and recreation	181,167	--	--	--	(181,167)	--	(181,167)
Public works	596,186	--	--	--	(596,186)	--	(596,186)
Public safety - fire	382,352	--	18,000	--	(364,352)	--	(364,352)
Interest and fiscal charges	87,818	--	--	--	(87,818)	--	(87,818)
Total Governmental Activities	3,214,282	282,472	74,750	--	(2,857,060)	--	(2,857,060)
Business-Type Activities:							
Water department	483,995	1,045,919	--	--	--	561,924	561,924
Sewer department	683,335	955,546	--	319,490	--	591,701	591,701
Interest and fiscal charges - sewer	20,909	--	--	--	--	(20,909)	(20,909)
Total Business-Type Activities	1,188,239	2,001,465	--	319,490	--	1,132,716	1,132,716
Total Primary Government	\$ 4,402,521	\$ 2,283,937	\$ 74,750	\$ 319,490	\$ (2,857,060)	\$ 1,132,716	\$ (1,724,344)
General Revenues and Transfers:							
Revenues							
Taxes:							
Property taxes, levied for general purposes					129,695	--	129,695
Property taxes, levied for fire protection					136,885	--	136,885
Property taxes, levied for debt service					152,994	--	152,994
Sales and use taxes, levied for general purposes					1,245,927	--	1,245,927
Franchise taxes					282,306	--	282,306
Payment in lieu of taxes					21,765	--	21,765
Beer taxes					8,565	--	8,565
Intergovernmental:							
State sources					9,450		9,450
Local sources					166,918		166,918
Interest					13	--	13
Miscellaneous					118,601	--	118,601
Interest income					39	903	942
Non-employer pension contributions					48,171	--	48,171
Transfers					1,036,854	(1,036,854)	--
Total General Revenues and Transfers					3,358,183	(1,035,951)	2,322,232
Change in Net Position					501,123	96,765	597,888
Net Position at Beginning of Period					2,685,697	5,769,391	8,455,088
Net Position at End of Period					\$ 3,186,820	\$ 5,866,156	\$ 9,052,976

See accompanying notes.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and expenditure of proceeds of the City's restricted sales and use taxes.

Gaming Fund

To account for the receipt and expenditure of funds in accordance with the compact agreement with the Coushatta Tribe of Louisiana.

Fire Department Fund

To account for the receipt and expenditure of funds utilized in the operations of the Fire Department. Funding is primarily provided by an ad valorem tax and operating transfers from the General and Sales Tax Funds.

Debt Service Fund

Bonded Debt Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Fund

Street Improvement Fund

To account for financial resources that are used to construct/acquire major, long-lived general capital facilities.

Proprietary Fund

Utility System Enterprise Fund

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

City of Oakdale, Louisiana
Balance Sheet
Governmental Funds
June 30, 2019

	Special Revenue				Debt Service	Capital Project	
	General	Sales Tax Fund	Gaming Fund	Fire Department Fund	Bonded Debt Fund	Street Improvement Fund	Total Governmental Funds
ASSETS							
Cash and certificates of deposit	\$ 359,168	\$ 49,711	\$ 759	\$ --	\$ 125,601	\$ --	\$ 535,239
Prepaid expenditures	33,911	--	--	--	--	--	33,911
Accounts receivable	106,188	197,195	40,255	--	--	--	343,638
Restricted cash and certificates of deposit	--	--	--	--	441,073	803,766	1,244,839
Total Assets	499,267	246,906	41,014	--	566,674	803,766	2,157,627
DEFERRED OUTFLOWS OF RESOURCES							
Aggregated deferred outflows	--	--	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	\$ 499,267	\$ 246,906	\$ 41,014	\$ --	\$ 566,674	\$ 803,766	\$ 2,157,627
LIABILITIES							
Accounts payable	\$ 75,220	\$ --	\$ --	\$ 8,878	\$ --	\$ 74,962	\$ 159,060
Total Liabilities	75,220	--	--	8,878	--	74,962	159,060
DEFERRED INFLOWS OF RESOURCES							
Aggregated deferred inflows	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	75,220	--	--	8,878	--	74,962	159,060
FUND BALANCE							
Nonspendable	33,911	--	--	--	--	--	33,911
Restricted	--	--	--	--	441,073	728,804	1,169,877
Assigned	--	246,906	41,014	(8,878)	--	--	279,042
Unassigned	390,136	--	--	--	125,601	--	515,737
Total Fund Balance	424,047	246,906	41,014	(8,878)	566,674	728,804	1,998,567
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 499,267	\$ 246,906	\$ 41,014	\$ --	\$ 566,674	\$ 803,766	\$ 2,157,627

See accompanying notes.

City of Oakdale, Louisiana
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Total Fund Balance - Governmental Funds	\$ 1,998,567
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance.	(32,143)
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity-wide statements, and reflected as liability on Statement of Net Position.	(26,313)
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	5,757,041
Long- term debt reflected on Statement of Net Position not in Governmental Funds Balance Sheet.	(2,472,693)
Pension related changes in net pension liability that is only reported as deferred inflows of resources in the Statement of Net Position.	(580,292)
Pension related changes in net pension liability that is only reported as deferred outflows of resources in the Statement of Net Position.	811,121
Net pension liability reflected on the Statement of Net Position not in Governmental Funds Balance Sheet.	(2,268,468)
Total Net Position - Governmental Activities	\$ <u>3,186,820</u>

See accompanying notes.

City of Oakdale, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

		Special Revenue			Debt Service	Capital Project	
	General	Sales Tax Fund	Gaming Fund	Fire Department Fund	Bonded Debt Fund	Street Improvement Fund	Total Governmental Funds
Revenues							
Taxes	\$ 442,331	\$ 1,245,927	\$ --	\$ 136,885	\$ 152,994	\$ --	\$ 1,978,137
License and permits	225,624	--	--	--	--	--	225,624
Intergovernmental	74,120	--	--	18,000	--	--	92,120
Fines and forfeitures	56,848	--	--	--	--	--	56,848
Miscellaneous	118,596	--	--	--	--	--	118,596
Gaming	--	--	158,998	--	--	--	158,998
Interest income	14	10	2	2	29	--	57
Total Revenues	917,533	1,245,937	159,000	154,887	153,023	--	2,630,380
Expenditures							
Current:							
General government	816,974	--	--	--	--	--	816,974
Public safety - police	1,074,958	--	--	--	--	--	1,074,958
Public safety - fire	--	--	--	331,984	--	--	331,984
Health and recreation	132,995	--	--	--	--	--	132,995
Public works	433,636	--	--	--	--	22,945	456,581
Capital outlays	159,593	--	--	4,629	--	1,248,251	1,412,473
Debt service:							
Principal retirement	7,594	--	--	36,598	109,000	--	153,192
Interest and fiscal charges	2,326	--	--	7,735	56,551	--	66,612
Total Expenditures	2,628,076	--	--	380,946	165,551	1,271,196	4,445,769
Excess of Revenues Over							
(Under) Expenditures	(1,710,543)	1,245,937	159,000	(226,059)	(12,528)	(1,271,196)	(1,815,389)
Other Financing Sources (Uses)							
Capital lease proceeds	70,401	--	--	--	--	--	70,401
Bond proceeds	--	--	--	--	--	2,000,000	2,000,000
Operating transfers	2,016,596	(1,320,038)	(158,244)	218,790	279,750	--	1,036,854
Net Other Financing Sources (Uses)	2,086,997	(1,320,038)	(158,244)	218,790	279,750	2,000,000	3,107,255
Net Change in Fund Balance	376,454	(74,101)	756	(7,269)	267,222	728,804	1,291,866
Fund Balance at Beginning of Period	47,593	321,007	40,258	(1,609)	299,452	--	706,701
Fund Balance at End of Period	\$ 424,047	\$ 246,906	\$ 41,014	\$ (8,878)	\$ 566,674	\$ 728,804	\$ 1,998,567

See accompanying notes.

City of Oakdale, Louisiana
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2019

Total Net Change in Fund Balance - Governmental Funds	\$ 1,291,866
Fixed assets expensed as capital outlay in governmental fund statements and capitalized as fixed assets in Statement of Net Position.	1,412,473
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on Statement of Net Position.	(661)
Principal payments on long-term expensed in governmental fund statements and treated as reductions of outstanding debt in entity wide statements.	153,192
Depreciation expense reflected in entity wide statements and not reflected in governmental fund statements.	(366,857)
Accrued interest expense included in Statement of Activities and expensed as paid in governmental fund statements.	(21,206)
Proceeds of long-term debt treated as revenue in the fund level statements, treated as increases to long-term debt in entity wide statements.	(2,070,401)
Contributions to retirement systems by non-employers	48,171
Pension expense is based on employer contributions in the government funds Statement of Revenues, Expenditures, and Changes in Net Position and actuarial calculated expense on the Statement of Activities.	54,546
Changes in Net Position - Governmental Activities	\$ <u>501,123</u>

See accompanying notes.

City of Oakdale, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2019 and 2018

	Business-Type Activities - Enterprise Fund	
	2019	2018
ASSETS		
<i>Current Assets:</i>		
Cash and certificates of deposit	\$ 19,142	\$ 19,816
Accounts receivable	288,188	255,497
Due from other governments	--	176,854
Total Current Assets	307,330	452,167
<i>Noncurrent Assets:</i>		
Restricted cash and certificates of deposit	259,227	292,688
Land	70,543	70,543
Construction in progress	--	656,983
Capital assets, net	7,459,194	6,872,163
Total Noncurrent Assets	7,788,964	7,892,377
Total Assets	8,096,294	8,344,544
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows	--	--
Total Deferred Outflows of Resources	--	--
LIABILITIES		
<i>Current Liabilities:</i>		
Sales taxes payable	7,153	7,717
Accounts payable	23,429	191,264
Accrued interest payable	4,178	4,478
Retainage payable	--	26,031
Bonds payable	154,000	152,000
Total Current Liabilities	188,760	381,490
<i>Noncurrent Liabilities:</i>		
Customer deposits payable	83,378	81,663
Bonds payable	1,958,000	2,112,000
Total Noncurrent Liabilities	2,041,378	2,193,663
Total Liabilities	2,230,138	2,575,153
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows	--	--
Total Deferred Inflows of Resources	--	--
NET POSITION		
<i>Invested in capital assets, net of related debt</i>	<i>5,413,559</i>	<i>5,305,180</i>
<i>Restricted</i>	<i>175,849</i>	<i>211,025</i>
<i>Unrestricted</i>	<i>276,748</i>	<i>253,186</i>
Total Net Position	\$ 5,866,156	\$ 5,769,391

City of Oakdale, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2019 and 2018

	Business-Type Activities - Enterprise Fund	
	2019	2018
Operating Revenues		
Water department revenues	\$ 1,045,919	\$ 1,002,504
Sewer department revenues	955,546	852,262
Total Operating Revenues	2,001,465	1,854,766
Operating Expenses		
Water department expenses	483,995	501,219
Sewer department expenses	683,335	724,597
Total Operating Expenses	1,167,330	1,225,816
Operating Income (Loss)	834,135	628,950
Non-Operating Revenues (Expenses)		
Capital grants	319,490	568,908
Interest income	903	802
Interest expense - sewer	(20,909)	(21,927)
Net Non-Operating Revenues (Expenses)	299,484	547,783
Income Before Operating Transfers	1,133,619	1,176,733
Operating transfers	(1,036,854)	(557,865)
Change In Net Position	96,765	618,868
<i>Net Position at Beginning of Period</i>	<i>5,769,391</i>	<i>5,150,523</i>
Net Position at End of Period	\$ 5,866,156	\$ 5,769,391

See accompanying notes.

CITY OF OAKDALE, LOUISIANA
Statement of Cash Flows -
Proprietary Fund
For the Year Ended June 30, 2019 and 2018

	Business-Type Activities Enterprise Fund	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,970,489	\$ 1,906,621
Payments to suppliers	(732,570)	(532,798)
Payments to employees	(241,679)	(160,805)
Net cash from operating activities	<u>996,240</u>	<u>1,213,018</u>
Cash flows from noncapital financing activities:		
Operating transfers	(1,036,854)	(557,865)
Net cash used by noncapital financing activities	<u>(1,036,854)</u>	<u>(557,865)</u>
Cash flows from capital and related financing activities:		
Capital grants	496,345	392,054
Acquisition of property, plant and equipment	(317,560)	(656,983)
Interest paid on sewer revenue bonds	(21,209)	(22,226)
Principal paid on sewer revenue bonds	(152,000)	(151,000)
Net cash used by capital and related financing activities	<u>5,576</u>	<u>(438,155)</u>
Cash flows from investing activities:		
Net proceeds (purchase) of investments	-	-
Interest on investments	903	802
Net cash from investing activities	<u>903</u>	<u>802</u>
Net increase (decrease) in cash and cash equivalents	(34,135)	217,800
Cash and cash equivalents, beginning of period	<u>312,504</u>	<u>94,704</u>
Cash and cash equivalents, end of period	<u>\$ 278,369</u>	<u>\$ 312,504</u>

See accompanying notes.

CITY OF OAKDALE, LOUISIANA
Statement of Cash Flows - Continued
Proprietary Fund
For the Year Ended June 30, 2019 and 2018

	Business-Type Activities Enterprise Fund	
	<u>2019</u>	<u>2018</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 834,135	\$ 628,950
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	387,512	384,533
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(32,691)	54,128
Increase (decrease) in accounts payable	(194,431)	147,680
Increase (decrease) in customer deposits payable	<u>1,715</u>	<u>(2,273)</u>
Net cash provided (used) by operating activities	<u>\$ 996,240</u>	<u>\$ 1,213,018</u>

See accompanying notes.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oakdale, Louisiana (City), was created under the provisions of the Lawrason Act. The purpose of the City is to provide services to its citizens, which include sewer and water utilities, police and fire protection and other services. The City is governed by the Mayor and a board of five elected council members who are compensated. The City is located in Allen Parish, Louisiana and its population is approximately 7,800. There are approximately 70 employees working for the City.

The accompanying financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1986 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's 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 accounting principles generally accepted in the United States of America, these financial statements present information on the City of Oakdale, Louisiana (the primary government). By applying the above requirements, the City has no component units.

2. Basis of Presentation

The accompanying basic financial statements of the City have been prepared in conformity with GAAP. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," issued in June 1999.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements For the Year Ended June 30, 2019

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the City, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are classified into two categories: governmental and proprietary. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or if the total assets, liabilities, revenues, or expenditures of the individual governmental or proprietary fund are at least 10 percent of the corresponding total for all governmental and proprietary funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The City reports the following major funds:

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The Sales Tax Fund is a special revenue fund that is used to account for the receipt and expenditure of proceeds of the City's restricted sales and use taxes.

The Gaming Revenue Fund is a special revenue fund that is used to account for the receipt and expenditure of funds in accordance with the compact agreement with the Coushatta Tribe of Louisiana.

The Fire Department Fund is a special revenue fund that is used to account for the receipt and expenditure of funds utilized in the operations of the Fire Department. Funding is primarily provided by an ad valorem tax and operating transfers from the General and Sales Tax Funds.

The Bonded Debt Fund is a debt service fund that is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Street Improvement Fund is a capital projects fund that is used to account for financial resources used to construct/acquire major, long-lived general capital facilities.

The Utility System Enterprise Fund is a proprietary fund that is used to account for water and sewer services provided to citizens. Proprietary funds generally account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported under the and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The City applies all applicable FASB pronouncements in accounting and reporting for its proprietary fund.

Allocation of Indirect Expenses

The City reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is separately reported on the statement of activities.

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and proprietary funds. All annual appropriations lapse at fiscal year-end. See Notes (1) and (2) to Required Supplementary Information for more details.

Prior to the beginning of each fiscal year, the City Clerk submits a budget to the Mayor and City Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated and the revenue estimates can only be changed by an affirmative vote of a majority of the government's council.

The original budget and one amendment during the year are reflected in the budget comparisons.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

5. Deposits

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits as well as those investments with a maturity date of 90 days or less. State statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having an office in the State of Louisiana or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP generates a local government investment pool.

As of June 30, 2019, the City had deposits (book balances) totaling \$2,058,447. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2019, the City had \$2,085,671 in deposits (collected bank balances). These deposits are all secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal bank.

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

7. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water and sewer user fees in the enterprise fund. The City's ability to collect the amounts due from the users of the City water and sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalization of asset purchases.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. 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 provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

Buildings and Improvements	40 years
Equipment and furniture	3-20 years
Water system	20-50 years
Sewer system	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements For the Year Ended June 30, 2019

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

9. Statement of Cash Flows

For the purpose of the enterprise fund statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$278,369 which represents unrestricted and restricted amounts of \$19,142 and \$259,227, respectively.

10. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities. No expenditure is reported for these amounts. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits for police personnel that is estimated will be taken as "terminal leave" prior to retirement.

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

Sick leave and vacation are authorized on January 1 of each year with no unused amounts to be carried forward from previous years. Employees of the City receive 40 hours to 200 hours vacation leave each year, depending on their length of service. Sick leave is earned at the same rate as vacation leave. Upon termination, the employee is entitled to any unused vacation leave.

At June 30, 2019, employees of the City have accumulated \$26,313 in leave privileges, computed in accordance with GASB Statement No. 16.

11. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and capital lease payables.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

12. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in these components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Consists of all other net position that does not meet either of the above definitions.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements For the Year Ended June 30, 2019

In the fund statements, governmental fund equity is classified as fund balance and is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Mayor and Council. They are the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Mayor and Council.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council's adopted policy, only Council members may assign amounts for specific purposes.
- e. Unassigned – includes fund balances which have not been classified within the above categories.

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

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

14. Sales Taxes

Proceeds of the one percent (1%) sales and use tax levied by the City are dedicated to constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks, facilities, streets, alleys, bridges, drains and drainage facilities; public buildings, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, buildings, improvements and facilities; and for the purpose of paying principal and interest on any bonded or funded indebtedness of the City incurred for any of said purposes.

Proceeds of the three-tenths of one percent (0.3%) sales and use tax levied by the City are dedicated to improving, maintaining, and operating the police and fire departments of the City, and for the purpose of paying the costs of the acquisition of equipment for the department of public works.

15. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

16. Revenues, Expenditures, and Expenses

Program Revenues

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

General Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of the sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures/expenses

The City's primary expenditures include salaries and insurance which are recorded when the liabilities are incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfers are authorized by the City.

17. Environmental Remediation Costs

The City accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

18. Subsequent Events

Management has evaluated subsequent events through December 31, 2019, the date the financial statements were issued.

19. 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 Police Employees Retirement System (MPERS), the Municipal Employees Retirement System (MERS), the Firefighters' Retirement System (FRS), and the Louisiana State Employees Retirement System (LASERS) and additions to/deductions from MPERS's, MERS's, FRS's, and LASERS's fiduciary net position have been determined on the same basis as they are reported by MPERS, MERS, FRS and LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

20. Deferred Outflows/Inflows of Resources

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

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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

NOTE B - PROPERTY TAXES

For the year ended June 30, 2019, taxes of 20.20 mills were levied on property with assessed valuations totaling \$19,563,540 and were dedicated as follows:

General corporate purposes	6.68 mills with no expiration
Fire protection purposes	5.52 which expires in 2026
Street purposes	8.00 which expires in 2037

Total taxes levied were \$395,184.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – RECEIVABLES

Receivables at June 30, 2019, consisted of the following:

General Fund:	
Accrued franchise taxes receivable	\$ 72,625
Payment in lieu of taxes receivable	21,765
Sales taxes receivable	197,195
Local government grant receivable	40,255
Other receivables	11,798
Utility System Enterprise Fund:	
Accounts receivable - customers	288,188
Total	<u>\$ 631,826</u>

Note D – CAPITAL ASSETS

	Balance 06/30/18	Additions	Deletions	Balance 06/30/19
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 532,583	\$ -	\$ -	\$ 532,583
Construction in Progress	-	1,072,075	-	1,072,075
Other capital assets:				
Buildings	5,840,272	12,000	-	5,852,272
Vehicles	1,282,035	160,005	-	1,442,040
Equipment, furniture and fixtures	1,512,887	161,123	-	1,674,010
Improvements other than buildings	1,244,723	7,270	-	1,251,993
Infrastructure	1,527,400	-	-	1,527,400
Totals	11,939,900	1,412,473	-	13,352,373
Less accumulated depreciation:				
Buildings	4,219,189	145,448	-	4,364,637
Vehicles	1,075,426	39,745	-	1,115,171
Equipment, furniture and fixtures	1,063,637	99,060	-	1,162,697
Improvements other than buildings	346,304	43,316	-	389,620
Infrastructure	523,919	39,288	-	563,207
Total accumulated depreciation	7,228,475	366,857	-	7,595,332
Governmental Activities				
Capital assets, net	<u>\$ 4,711,425</u>	<u>\$ 1,045,616</u>	<u>\$ -</u>	<u>\$ 5,757,041</u>

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Business-Type Activities:

Capital assets not being depreciated				
Land	\$ 70,543	\$ -	\$ -	\$ 70,543
Sewer system – construction in progress	656,983	294,482	951,465	-
Other capital assets:				
Water system	4,257,588	23,078	-	4,280,666
Sewer system	<u>12,419,634</u>	<u>951,465</u>	<u>-</u>	<u>13,371,099</u>
Totals	17,404,748	1,269,025	951,465	17,722,308
Less accumulated depreciation:				
Water system	2,322,198	108,355	-	2,430,553
Sewer system	<u>7,482,861</u>	<u>279,157</u>	<u>-</u>	<u>7,762,018</u>
Total accumulated depreciation	<u>9,805,059</u>	<u>387,512</u>	<u>-</u>	<u>10,192,571</u>
Business-Type Activities, Capital assets, net	<u>\$ 7,599,689</u>	<u>\$ 881,513</u>	<u>\$ 951,465</u>	<u>\$ 7,529,737</u>

Depreciation expense for the year ended June 30, 2019 was \$366,857 and \$387,512 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General government	\$ 129,446
Police	43,020
Fire	48,887
Public Works	105,793
Health and recreation	<u>39,711</u>
Total depreciation expense	<u>\$ 366,857</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 108,355
Sewer	<u>279,157</u>
Total depreciation expense	<u>\$ 387,512</u>

A major construction project was underway at the beginning of the year for sewer system improvements. The total contract amounts for construction, engineering, and grant writing assistance on that project amounted to \$951,465. The total expended in prior years was 656,983 and the total expended in the current fiscal year was \$294,482. This project was completed during the current fiscal year. This project was completely funded by a federal grant. A major construction project began during this fiscal year for street improvements. The total contract amounts for construction, engineering, and grant writing assistance on that project amounted to \$1,072,075. The total expended in the current fiscal year was the full \$1,072,075. However, the administration was unsatisfied with some of the work completed and have withheld \$74,962 from the contractor and engineers until those corrections are made. The contractor is expected to make these corrections in the fiscal year ended June 30, 2020. This street improvement project was funded by the issuance of \$2,000,000 in general obligation bonds. \$176,176 in equipment acquisitions and \$22,945 in bond acquisition costs were spent out of these bond proceeds.

NOTE E - ACCOUNTS PAYABLES

The following is a summary of payables at June 30, 2019:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business Activities Funds</u>
Accounts	<u>\$ 159,060</u>	<u>\$ 23,429</u>

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE F - PENSION PLANS

Municipal Police Employees Retirement System of Louisiana (MPERS System)

Plan Description. The Municipal Police Employees' Retirement System of Louisiana (an Internal Revenue Code 401(a) system) is a cost-sharing multiple-employer plan administered by a board of trustees. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized by LRS 11:2211-11:2233 as amended. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing on or after January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub-plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub-plans, the benefit rates are 3% and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments. The Board of Trustees is authorized to provide annual cost-of-living (COLA) adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a COLA until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach regular retirement age.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Deferred Retirement Option Plan. A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub-plan participation. Upon filing the application for the program, the employee's active membership in the MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at the date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the MPERS shall resume and upon later termination, the member shall receive as additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP on or after January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

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

Non-Employer Contributions. The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$16,194 are recognized as revenue, but are not considered special funding situations.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained online from the MPERS website or by writing to the Municipal Police Employees Retirement System of Louisiana (www.lampers.org), 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The required rate is 32.25% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by La. R.S. 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 contributions to the System for the years ending June 30, 2019, 2018, and 2017 were \$86,526, \$89,650, and \$131,029, respectively. These amounts are equal to the required contributions for each year.

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

At June 30, 2019, the City reported a liability of \$693,766 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2018 the City's proportion was 0.082063%, which was a decrease of 0.054058% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense/(benefit) of (\$86,224). At June 30, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,127	\$ 35,453
Net difference between projected and actual earnings on pension plan investments	33,258	-
Changes of assumptions	45,337	-
Changes in proportion	46,584	356,377
Differences between City contributions and proportionate share of contributions	12,292	31
City contributions subsequent to the measurement date	<u>86,526</u>	<u>-</u>
Total	<u>\$ 227,124</u>	<u>\$ 391,861</u>

The \$86,526 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (34,643)
2020	(98,150)
2021	(119,669)
2022	1,199
Thereafter	<u>-</u>
Total	<u>\$ (251,263)</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost								
Investment Rate of Return	7.2%, net of investment expense								
Expected Remaining Service Lives	4 years								
Inflation rate	2.6%								
Salary increases, including inflation and merit	<table style="width: 100%; border: none;"> <tr> <th style="text-align: center;"><u>Years of Service</u></th><th style="text-align: center;"><u>Salary Growth Rate</u></th></tr> <tr> <td style="text-align: center;">1-2</td><td style="text-align: center;">9.75%</td></tr> <tr> <td style="text-align: center;">3-23</td><td style="text-align: center;">4.75%</td></tr> <tr> <td style="text-align: center;">24 & Over</td><td style="text-align: center;">4.25%</td></tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	24 & Over	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>								
1-2	9.75%								
3-23	4.75%								
24 & Over	4.25%								

Mortality RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements For the Year Ended June 30, 2019

values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Mortality rate. The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was 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 set-back of standard tables. The rest of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 (the measurement date) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternative	20.00%	1.07%
Other	6.00%	0.17%
Totals	100.00%	5.28%
Inflation		2.75%
Expected Nominal Return		8.03%

Discount rate. The discount rate used to measure the total pension liability was 7.2% which reflects a decrease of .125% from the prior year discount rate of 7.325%. 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 the Public Retirement Systems' Actuarial Committee (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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.2% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2%) and one percentage point higher (8.2%) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
City's proportionate share of the net pension liability	\$974,933	\$693,766	\$457,877

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2018, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources of \$3,127 and a deferred inflow of resources in the amount of \$35,453 for the year ended June 30, 2019.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$33,258 for the year ended June 30, 2019.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in a deferred outflows of resources in the amount of \$45,337 for the year ended June 30, 2019.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in employer's portion of the beginning net pension liability resulted in a deferred outflow of resources of \$46,584 and a deferred inflow of resources of \$356,377 for the year ended June 30, 2019.

Differences Between City Contributions and Proportionate Share of Contributions:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Differences between city contributions and proportionate share of contributions resulted in a deferred outflows of resources in the amount of \$12,292 and a deferred inflow of resources of \$31 for the year ended June 30, 2019.

Firefighters' Retirement System of Louisiana (FRS)

Plan Description. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized by Louisiana Revised Statutes (R.S.) 11:2251 - 11:2272 as amended. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements. Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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

Disability Benefits. A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

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

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

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

Cost of Living Adjustments (COLAs). Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of " $X \times (A+B)$," where " X " is any amount up to \$1 per month, and " A " is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and " B " is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

Non-Employer Contributions. According to state statute, the System also receives insurance premium tax funds from the State of Louisiana as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$13,800 are recognized as revenue, but are not considered special funding situations.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements For the Year Ended June 30, 2019

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained online at the FRS website or by writing to the Firefighters' Retirement System of Louisiana (www.fret.com), PO Box 94095, Capital Station, Baton Rouge, Louisiana 70804-9095, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The required rate is 26.50% of annual covered payroll. City contributions to the System for the years ending June 30, 2019, 2018, and 2017 were \$36,058, \$33,546, and \$38,805, respectively. These amounts are equal to the required contributions for each year.

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

At June 30, 2019, the City reported a liability of \$305,838 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2018 the City's proportion was 0.05317%, which was a decrease of 0.012651% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$49,665. At June 30, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 23,278
Net difference between projected and actual earnings on pension plan investments	19,887	-
Changes of assumptions	21,335	48
Changes in proportion	119,103	81,250
Differences between City contributions and proportionate share of contributions	-	11,840
City contributions subsequent to the measurement date	<u>36,058</u>	<u>-</u>
Total	<u>\$ 196,383</u>	<u>\$ 116,416</u>

The \$36,058 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 50,622
2021	38,993
2022	(13,658)
2023	(9,034)
2024	(13,508)
2025	<u>(9,506)</u>
Total	<u>\$ 43,909</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.3%, net of investment expense
Expected Remaining Service Lives	7 years, closed period
Inflation rate	2.7%
Salary increases, including inflation and merit	Varies from 15% in 1 st 2 years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity-U.S.	22.00%	6.14%
Equity-Non-U.S.	22.00%	7.46%
Equity-Global	10.00%	6.74%
Fixed Income	26.00%	1.76%
Alternative-Real Estate	6.00%	4.38%
Alternative-Private Equity	4.00%	8.73%
Multi-Asset Strategy-Global Tactical	5.00%	4.31%
Multi-Asset Strategy-Risk Parity	5.00%	4.89%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.3% which reflects a decrease of .1% from the prior year discount rate of 7.4%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the 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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.3% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.3%) and one percentage point higher (8.3%) than the current rate:

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

	1% Decrease <u>(6.3%)</u>	Discount Rate <u>(7.3%)</u>	1% Increase <u>(8.3%)</u>
City's proportionate share of the net pension liability	\$446,290	\$305,838	\$187,810

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2018, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$23,278 for the year ended June 30, 2019.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$19,887 for the year ended June 30, 2019.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$21,335 and deferred inflow of resources in the amount of \$48 for the year ended June 30, 2019.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in the employer's portion of the beginning net pension liability resulted in a deferred outflow of resources of \$119,103 and a deferred inflow of resources of \$81,250 for the year ended June 30, 2019.

Differences Between City Contributions and Proportionate Share of Contributions:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Differences between City contributions and proportionate share of contributions resulted in a deferred inflow of resources of \$11,840 for the year ended June 30, 2019.

Municipal Employees Retirement System of Louisiana (MERS System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. All employees, other than police and firefighters, of the municipality are members of Plan A. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements For the Year Ended June 30, 2019

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

Act 569 of 1968 enacted by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the MERS, effective on and after June 30, 1970.

Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

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

Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

Retirement Benefits. Benefit provisions are authorized by LRS 11:1756- 11:1785, as amended. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death - 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal.

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements.

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death - 40% at age 60 or minimum of 20% immediately (actuarially calculated).

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Survivor Benefits. Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes. Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits. The surviving spouse of any member of Plan A who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, shall receive benefits for as long as he/she lives as outlined in the statutes.

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

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

Disability Benefits. For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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

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

Non-Employer Contributions. According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. The non-employer contribution of \$18,177 are recognized as revenue.

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

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The required rate is 26% of annual

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by La. R.S. 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 contributions to the System for the years ending June 30, 2019, 2018, and 2017 were \$136,148, \$127,207, and \$115,600, respectively. These amounts are equal to the required contributions for each year.

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

At June 30, 2019, the City reported a liability of \$1,206,598 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2018 the City's proportion was 0.291401%, which was a decrease of 0.00925% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense/(benefit) of (\$12,826). At June 30, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 42,900
Net difference between projected and actual earnings on pension plan investments	184,903	-
Changes of assumptions	36,322	-
Changes in proportion	20,941	23,329
Differences between City contributions and proportionate share of contributions	-	3,521
City contributions subsequent to the measurement date	<u>136,148</u>	<u>-</u>
Total	<u>\$ 378,314</u>	<u>\$ 69,750</u>

The \$136,148 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 85,777
2022	65,048
2023	16,309
2024	<u>5,282</u>
Total	<u>\$ 172,416</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.275%, net of investment expense

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Expected Remaining Service Lives	3 years
Inflation rate	2.6%
Projected salary increases	5% (2.875% Inflation, 2.125% Merit)
Cost of living adjustments	Previously granted cost of living adjustments

The mortality rate assumption used was set by combining data from this plan with three other statewide plans which have a similar workforce composition in order to produce credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. 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 set-back of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This annuitant and beneficiary mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA. The employee mortality utilized the RP-2000 Employees Sex Distinct Table set back 2 years for both males and females. The disabled mortality utilized the RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females. Setbacks in these tables were used to approximate mortality improvement.

<u>Asset Class</u>	<u>Target Allocation</u>	Long-Term Expected
		<u>Portfolio Real Rate of Return</u>
Public Equity	50.00%	2.2%
Public Fixed Income	35.00%	1.5%
Alternatives	<u>15.00%</u>	<u>0.6%</u>
Totals	100.00%	4.3%
Inflation		<u>2.7%</u>
Expected Arithmetic Nominal Return		<u>7.0%</u>

Discount rate. The discount rate used to measure the total pension liability was 7.275% which reflects a decrease of .125% from the prior year discount rate of 7.4%. 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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.275% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.275%) and one percentage point higher (8.275%) than the current rate:

	1% Decrease (6.275%)	Discount Rate (7.275%)	1% Increase (8.275%)
City's proportionate share of the net pension liability	\$1,549,985	\$1,206,598	\$913,505

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2018, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$42,900 for the year ended June 30, 2019.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$184,903 for the year ended June 30, 2019.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of \$36,322 for the year ended June 30, 2019.

Changes in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in the employer's portion of the beginning net pension liability resulted in a deferred outflow of resources of \$20,941 and a deferred inflow of resources of \$23,329 for the year ended June 30, 2019.

Differences Between City Contributions and Proportionate Share of Contributions:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Differences between City contributions and proportionate share of contributions resulted in a deferred inflow of resources of \$3,521 for the year ended June 30, 2019.

Louisiana State Employees Retirement System (LASERS)

The City Court Judge is eligible to participate in the Louisiana State Employees Retirement System (LASERS). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description. The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

Retirement Benefits. The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

30 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

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

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

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

Deferred Benefits. The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SOP) which is administered by a third-party provider. The SOP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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

Survivor's Benefits: Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Disability Benefits. Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Permanent Benefit Increases/Cost-of-Living Adjustments. As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

The System issues an annual publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained online at the LASERS website by writing to the Louisiana State Employees Retirement System (www.lasersonline.org), PO Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. Plan members are required by state statute to contribute 11.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The required rate is 40.1% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by La. R.S. 11:401, 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 contributions to the System for the years ending June 30, 2019, 2018, and 2017 were \$7,251, \$7,251, and \$6,607, respectively.

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

At June 30, 2019, the City reported a liability of \$62,266 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2018 the City's proportion was 0.000913%, which was an increase of 0.000034% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense/(benefit) of (\$5,167). At June 30, 2019, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 698
Net difference between projected and actual earnings on pension plan investments	807	-
Changes of assumptions	634	-
Changes in proportion	116	1,567
Differences between City contributions and proportionate share of contributions	492	-
City contributions subsequent to the measurement date	<u>7,251</u>	<u>-</u>
Total	<u>\$ 9,300</u>	<u>\$ 2,265</u>

The \$7,251 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 1,396
2021	138
2022	(1,522)
2023	(228)
Thereafter	<u>-</u>
Total	<u>\$ (216)</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.65%, net of investment expense
Expected Remaining Service Lives	3 years
Inflation rate	2.75%
Salary increases, including inflation and merit	2.8% to 5.3% for Judges

The mortality rate assumption for non-disabled members used was set based upon the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2018. The mortality rate assumption for disabled members used was set based upon the RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement. Termination, disability and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members. The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provision for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Cost of Living Adjustments: The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements For the Year Ended June 30, 2019

The investment rate of return used in the actuarial valuation for funding purposes was 8.05%, recognizing an additional 40 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.83%, which is reasonably close to the 7.65% discount rate.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

Expected Long Term Real Rates of Return	
<u>Asset Class</u>	<u>2018</u>
Cash	-0.48%
Domestic Equity	4.31%
International Equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Parity	4.96%
Total Fund	5.40%

Discount rate. The discount rate used to measure the total pension liability was 7.65% which reflects a decrease of .05% from the prior year discount rate of 7.7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the same 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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.65% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) and one percentage point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
City's proportionate share of the net pension liability	\$48,212	\$62,266	\$66,658

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2018, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$698 for the year ended June 30, 2019.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$807 for the year ended June 30, 2019.

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of \$634 for the year ended June 30, 2019.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in the employer's portion of the beginning net pension liability resulted in a deferred outflow of resources of \$116 and a deferred inflow of resources of \$1,567 for the year ended June 30, 2019.

Differences Between City Contributions and Proportionate Share of Contributions:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Differences between City contributions and proportion share of contributions resulted in a deferred outflow of resources of \$492 for the year ended June 30, 2019.

NOTE G - LONG-TERM DEBT

The following is a summary of bonds, certificates of indebtedness, capital leases, and other long-term debts owed by the City for the year ended June 30, 2019:

	June 30, 2018	Additions	Deletions	June 30, 2019
Sewer revenue bond	\$2,264,000	\$ -	\$ 152,000	\$2,112,000
Revolving loan	333,412	-	109,000	224,412
General obligation bonds	-	2,000,000	-	2,000,000
Capital lease obligations	222,072	70,401	44,192	248,279
Accrued leave benefits	25,652	661	-	26,313
Total Long-Term Debt	<u>\$2,845,136</u>	<u>\$2,071,062</u>	<u>\$ 305,192</u>	<u>\$4,611,004</u>

Sewer Revenue Bonds Payable-Proprietary:

Sewer revenue bond, Series 2009 dated 09/03/09, original issue not to exceed \$2,500,000, amended as Series 2010 not to exceed \$3,146,000, bearing interest at 0.95% per annum, and shall mature over a period not to exceed 22 years. This bond is secured by and payable from income and revenues derived by the sewer operating system after paying reasonable and necessary expenses of operation.

\$ 2,112,000

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

Revolving Loan-Governmental:

Revolving loan payable to the Louisiana Department of Environmental Quality (LDEQ) dated 11/01/1999. Payment terms include interest at a rate of 3.45% plus an annual administrative fee of one-half of one percent (0.5%) of the outstanding principal balance of the loan. The loan is secured by a borrower bond issued to the Louisiana Department of Health and Hospitals in the amount of \$1,500,000. The bond is secured by a pledge of the City's 1% sale tax. 224,412

General Obligation Bonds Payable-Governmental:

General obligation bonds payable to Sabine State Bank and Trust Company dated 07/17/2018. Payment terms include interest at rates ranging from 1.25% to 4.5%. Original issue of \$2,000,000, retired semiannually in various installment amounts. Final maturity 03/01/2038. 2,000,000

Capital Lease Obligations Payable-Governmental:

Capital lease payable, dated 10/8/12, original issue of \$142,241 retired semiannually on April 8 and October 8 in installments of \$11,708 with interest at 3.9%, final maturity on 10/8/2019, secured by firefighting equipment. 11,665

Capital lease payable, dated 07/02/14, original issue of \$241,072 retired annually on September 15 in installments of \$20,917 with interest at 3.5%, final maturity 09/15/2028, secured by fire-fighting equipment. 173,807

Capital lease payable, dated 12/11/18, original issue of \$241,072 retired annually on September 15 in installments of \$70,401 (2 at \$35,200) with interest at 6%, final maturity 12/11/2022, secured by 2 police vehicles. 62,809

Accrued Leave Benefits Payable 26,313

Subtotal – Governmental 2,499,006

Total \$ 4,611,006

The annual requirements to amortize all debt outstanding as of June 30, 2019, excluding accrued leave benefits payable, including interest payments of \$1,051,692 are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Proprietary Activities</u>	
	<u>Totals</u>		<u>Totals</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2020	\$ 228,077	\$ 88,095	\$ 154,000	\$ 19,333
2021	227,385	81,086	155,000	17,865
2022	114,601	73,739	156,000	16,388
2023	111,219	70,800	157,000	14,901
2024	101,999	68,400	160,000	13,394
2025-2029	579,412	292,889	819,000	43,866
2030-2034	575,000	184,225	511,000	7,310
2035-2038	535,000	59,400	-	-
Totals	<u>\$ 2,472,693</u>	<u>\$ 918,634</u>	<u>\$ 2,112,000</u>	<u>\$ 133,057</u>

In accordance with La. R.S. 39:562, the City is legally restricted from incurring long-term bonded debt (payable solely from ad valorem taxes) in excess of 35% of the assessed value of taxable property in the City. At June 30, 2019 the statutory limit is \$6,874,239.

NOTE H – RESTRICTED ASSETS

Restricted assets, at June 30, 2019, consisted of the following:

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

	Cash and Cash Equivalents		
Street improvement account - governmental	\$ 803,766		
Debt service accounts - governmental	441,073		
Sewer improvement account - proprietary	844		
Customers' deposit account - proprietary	83,378		
Debt service accounts - proprietary	<u>175,005</u>		
Total restricted assets	<u>\$1,504,066</u>		
Requirements consisted of the following at June 30, 2019:	<u>Actual</u>	<u>Required</u>	<u>Over (Under)</u>
Street improvement account	\$ 803,766	\$ 803,766	\$ -
Street bond sinking	125,724	115,225	10,499
Sewer bond sinking accounts	141,992	129,590	12,402
Sewer revenue bond reserve account	173,357	172,744	613
Sewer improvement account	844	844	-
Sewer revenue bond depreciation and contingency account	175,005	150,000	25,005
Customer deposits – gas and water and sewer	<u>83,378</u>	<u>83,378</u>	<u>-</u>
Total restricted assets	<u>\$1,504,066</u>	<u>\$1,455,547</u>	<u>\$ 48,519</u>

NOTE I - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE J - TRIBAL STATE COMPACT COMPLIANCE

The operating transfers out of the gaming fund to the other funds were used entirely for reimbursement of police salaries of \$158,244.

NOTE K - ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana pays a portion of the salaries of the City's police officers and firefighters. These on-behalf payments have been recorded in the accompanying financial statements in accordance with GASB Statement 24 as intergovernmental revenues and expenditures as follows:

Intergovernmental Revenues:	
State-Police	\$ 37,500
State-Firefighters	<u>20,500</u>
Total	<u>\$ 58,000</u>
Expenditures:	
Salaries-Police	\$ 37,500
Salaries-Firefighters	<u>20,500</u>
Total	<u>\$ 58,000</u>

CITY OF OAKDALE, LOUISIANA

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE L – OPERATING TRANSFERS

Operating transfers consisted of the following for the fiscal year ended June 30, 2019:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major funds:		
General fund	\$4,740,979	\$2,724,383
Sales tax fund	29,268	1,349,306
Gaming fund	-	158,244
Fire department	609,898	391,108
Bonded debt	522,358	242,608
Utility fund	<u>1,697,227</u>	<u>2,734,081</u>
	<u>\$7,599,730</u>	<u>\$7,599,730</u>

Operating transfers are used to move revenues from the fund that is required by statute or budget to collect them to the fund that is required or allowed by statute or budget to expend them. Most of the operating transfers are from the proprietary and sales tax funds into the general fund. The gaming fund transfers are normally used to cover a portion of police salaries and sometimes police capital outlays.

NOTE M – DEFICIT FUND BALANCE

As of June 30, 2019 the following individual fund had deficit fund balances in the amounts shown:

Fire Department Fund	<u>\$ (8,878)</u>
----------------------	-------------------

The City anticipates future operating profits to be used to eliminate the deficit fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAKDALE, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			Variance	2018
	Budget		Actual	Favorable	Actual
	Original	Final		(Unfavorable)	
REVENUES					
Taxes:					
Ad valorem	\$ 131,431	\$ 160,000	\$ 129,695	\$ (30,305)	\$ 159,045
Public utility franchise	301,416	275,000	282,306	7,306	276,794
Housing authority - in lieu of taxes	22,000	22,000	21,765	(235)	21,546
Beer tax	10,292	8,784	8,565	(219)	8,784
Total taxes	465,139	465,784	442,331	(23,453)	466,169
Licenses and permits	234,996	237,000	225,624	(11,376)	227,482
Intergovernmental:					
State of Louisiana -					
State grant	98,000	80,000	56,750	(23,250)	49,000
Street maintenance	9,450	9,450	9,450	-	9,450
Local grant	-	-	7,920	7,920	12,885
Total intergovernmental	107,450	89,450	74,120	(15,330)	71,335
Fines and forfeitures:					
Court fines	60,000	47,000	44,095	(2,905)	51,621
Penalties	8,200	15,000	12,753	(2,247)	11,354
Total fines and forfeitures	68,200	62,000	56,848	(5,152)	62,975
Miscellaneous:					
Interest	48	50	14	(36)	54
Rental income	50,000	60,000	66,935	6,935	63,540
Miscellaneous	72,000	170,034	51,661	(118,373)	82,162
Total miscellaneous	122,048	230,084	118,610	(111,474)	145,756
Total revenues	\$ 997,833	\$ 1,084,318	\$ 917,533	\$ (166,785)	\$ 973,717

CITY OF OAKDALE, LOUISIANA
General Fund
Budgetary Comparison Schedule - Continued
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			Variance	2018
	Budget			Favorable	Actual
	Original	Final	Actual	(Unfavorable)	
EXPENDITURES					
General government:					
Legislative -					
Salaries	\$ 46,200	\$ 46,200	\$ 45,100	\$ 1,100	\$ 45,000
Employee health insurance	6,525	13,050	10,623	2,427	6,267
Payroll taxes	3,575	3,575	3,450	125	3,443
Travel and meetings	3,000	3,000	394	2,606	1,980
Total legislative	59,300	65,825	59,567	6,258	56,690
Judicial -					
Salaries	94,871	97,871	97,444	427	94,529
Retirement	31,901	44,950	34,471	10,479	36,934
Employee health insurance	-	-	13,324	(13,324)	16,361
Operating and maintenance	11,428	12,179	11,281	898	16,969
Payroll taxes	-	-	1,927	(1,927)	2,301
Total judicial	138,200	155,000	158,447	(3,447)	167,094
Executive -					
Salaries	45,000	45,000	45,000	-	45,000
Retirement	8,888	11,138	10,901	237	10,334
Employee health insurance	6,852	5,349	3,248	2,101	4,668
Payroll taxes	-	-	653	(653)	653
Travel	3,957	4,181	2,106	2,075	1,516
Total executive	64,697	65,668	61,908	3,760	62,171
Legal -					
Salaries	27,000	27,000	27,000	-	27,000
District attorney	18,000	18,000	18,275	(275)	19,500
Payroll taxes	2,100	2,065	2,066	(1)	2,066
Total legal	47,100	47,065	47,341	(276)	48,566
Financial administration -					
Salaries	184,160	189,000	191,507	(2,507)	184,202
Retirement	36,500	35,000	35,966	(966)	32,070
Employee health insurance	26,000	25,000	32,314	(7,314)	24,782
Payroll taxes	3,500	4,500	4,920	(420)	4,267
Office and operating supplies	36,000	42,000	40,519	1,481	38,664
Repairs and maintenance	1,500	5,000	2,248	2,752	5,289
Professional services	50,000	55,000	51,571	3,429	50,300
Telephone	7,500	9,000	8,717	283	9,377
Travel and meetings	1,200	2,000	5,975	(3,975)	1,733
Printing and advertising	7,025	15,000	14,201	799	16,271
Utilities	11,000	15,000	12,609	2,391	12,746
Insurance	52,569	80,000	63,159	16,841	86,041
Miscellaneous	7,600	5,600	3,916	1,684	4,046
Rental property	-	-	260	(260)	180

CITY OF OAKDALE, LOUISIANA
General Fund
Budgetary Comparison Schedule - Continued
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019				
	Budget			Variance	2018
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Gas, oil, tires, and batteries	4,000	5,000	4,032	968	4,981
Tax assessor fees	6,202	6,500	6,144	356	6,128
LMA convention	3,850	4,000	-	4,000	1,773
Computer maintenance agreement	11,000	11,000	8,338	2,662	10,449
Damage expenses	1,000	1,000	-	1,000	-
Dues and subscriptions	3,300	4,000	3,315	685	3,315
Subtotal	453,906	513,600	489,711	23,889	496,614
Capital outlays	-	19,619	19,620	(1)	-
Total financial admin.	453,906	533,219	509,331	23,888	496,614
Total general government	763,203	866,777	836,594	30,183	831,135
Public Safety - Police					
Salaries	623,817	623,817	671,341	(47,524)	665,269
Retirement	110,857	110,857	105,710	5,147	103,254
Employee health insurance	76,325	76,325	68,902	7,423	78,633
Payroll taxes	21,372	21,372	28,911	(7,539)	26,656
Office and operating supplies	16,967	16,967	18,855	(1,888)	9,975
Repairs and maintenance	5,000	5,000	5,732	(732)	6,482
Telephone	14,000	14,000	3,329	10,671	8,446
Utilities	21,675	21,675	5,550	16,125	28,174
Insurance	89,212	89,212	67,690	21,522	82,759
Uniform expense	5,000	5,000	7,098	(2,098)	11,602
Personnel training	5,000	5,000	8,230	(3,230)	8,748
Care of prisoners	2,500	2,500	1,588	912	2,286
Gas, oil, tires, and batteries	36,302	36,302	76,593	(40,291)	58,645
Miscellaneous	-	-	5,429	(5,429)	3,411
Subtotal	1,028,027	1,028,027	1,074,958	(46,931)	1,094,340
Capital outlays	-	2,731	102,175	(99,444)	-
Debt service					
Principal retirement	15,923	15,923	7,594	8,329	14,057
Interest	3,262	3,262	2,326	936	1,930
Total public safety	1,047,212	1,049,943	1,187,053	(137,110)	1,110,327

CITY OF OAKDALE, LOUISIANA
General Fund
Budgetary Comparison Schedule - Continued
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019				
	Budget			Variance	2018
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Health and Recreation -					
Salaries	60,000	60,000	42,593	17,407	58,103
Retirement	-	-	175	(175)	-
Payroll taxes	4,374	4,358	3,361	997	4,542
Office and operating supplies	5,000	5,000	6,137	(1,137)	4,614
Repairs and maintenance	6,300	6,300	4,719	1,581	8,402
Utilities	22,865	25,365	40,790	(15,425)	29,221
Insurance	5,591	5,591	5,166	425	7,333
Coroner	12,000	9,500	11,895	(2,395)	3,200
Gas, oil, tires, and batteries	2,300	2,300	365	1,935	2,924
Civic center	-	-	5,628	(5,628)	2,066
Christmas lighting	1,550	1,550	658	892	3,870
Miscellaneous	2,500	12,500	11,508	992	12,047
Subtotal	122,480	132,464	132,995	(531)	136,322
Capital outlays	-	-	-	-	-
Total health and recreation	122,480	132,464	132,995	(531)	136,322
Public Works -					
Salaries	170,000	170,000	151,780	18,220	167,263
Retirement	29,000	30,000	17,727	12,273	26,180
Employee health insurance	34,500	40,000	24,725	15,275	33,469
Payroll taxes	4,856	8,645	8,356	289	5,924
Office and operating supplies	6,500	12,500	4,887	7,613	12,446
Repairs and maintenance	27,000	37,000	55,749	(18,749)	34,853
Utilities	88,000	101,500	123,781	(22,281)	99,500
Insurance	16,368	21,120	14,183	6,937	18,805
Miscellaneous	650	15,000	5,605	9,395	25,033
Gas, oil, tires, and batteries	10,000	18,000	26,843	(8,843)	14,190
Subtotal	386,874	453,765	433,636	20,129	437,663
Capital outlays	-	46,418	37,798	8,620	210,346
Total public works	386,874	500,183	471,434	28,749	648,009
Total expenditures	\$ 2,319,769	\$ 2,549,367	\$ 2,628,076	\$ (78,709)	\$ 2,725,793

CITY OF OAKDALE, LOUISIANA
Special Revenue Fund
Sales Tax Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			Variance	2018
	Budget			Favorable	
	Original	Final	Actual	(Unfavorable)	Actual
Revenues:					
Taxes	\$ 1,250,509	\$ 1,250,000	\$ 1,273,223	\$ 23,223	\$ 1,256,061
Less: collection fees	(23,600)	(25,288)	(27,296)	(2,008)	(26,513)
Miscellaneous	11	76	10	(66)	30
Total revenues	<u>1,226,920</u>	<u>1,224,788</u>	<u>1,245,937</u>	<u>21,149</u>	<u>1,229,578</u>
Expenditures:					
General government -					
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,226,920</u>	<u>1,224,788</u>	<u>1,245,937</u>	<u>21,149</u>	<u>1,229,578</u>
Other financing uses:					
Operating transfers out	<u>(1,156,407)</u>	<u>(1,153,137)</u>	<u>(1,320,038)</u>	<u>(166,901)</u>	<u>(1,221,269)</u>
Total other financing uses	<u>(1,156,407)</u>	<u>(1,153,137)</u>	<u>(1,320,038)</u>	<u>(166,901)</u>	<u>(1,221,269)</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	70,513	71,651	(74,101)	(145,752)	8,309
Fund balance, beginning	<u>321,007</u>	<u>321,007</u>	<u>321,007</u>	<u>-</u>	<u>312,698</u>
Fund balance, ending	<u>\$ 391,520</u>	<u>\$ 392,658</u>	<u>\$ 246,906</u>	<u>\$ (145,752)</u>	<u>\$ 321,007</u>

CITY OF OAKDALE, LOUISIANA
Special Revenue Fund
Gaming Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			Variance	2018
	Budget			Favorable	
	Original	Final	Actual	(Unfavorable)	Actual
Revenues:					
Gaming	\$ 148,220	\$ 150,000	\$ 158,998	\$ 8,998	\$ 168,326
Interest income	15	15	2	(13)	2
Total revenues	<u>148,235</u>	<u>150,015</u>	<u>159,000</u>	<u>8,985</u>	<u>168,328</u>
Expenditures:					
General government	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	148,235	150,015	159,000	8,985	168,328
Other Financing Uses:					
Operating transfers	<u>(160,024)</u>	<u>(170,015)</u>	<u>(158,244)</u>	<u>11,771</u>	<u>(173,914)</u>
Total other financing uses	<u>(160,024)</u>	<u>(170,015)</u>	<u>(158,244)</u>	<u>11,771</u>	<u>(173,914)</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(11,789)	(20,000)	756	20,756	(5,586)
Fund balance, beginning	<u>40,258</u>	<u>40,258</u>	<u>40,258</u>	-	<u>45,844</u>
Fund balance, ending	<u>\$ 28,469</u>	<u>\$ 20,258</u>	<u>\$ 41,014</u>	<u>\$ 20,756</u>	<u>\$ 40,258</u>

CITY OF OAKDALE, LOUISIANA
Special Revenue Fund
Fire Department Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

	2019			Variance	2018
	Budget			Favorable	Actual
	Original	Final	Actual	(Unfavorable)	
Revenues:					
Taxes -					
Ad valorem taxes	\$ 104,353	\$ 126,282	\$ 105,620	\$ (20,662)	\$ 126,281
Fire insurance tax	30,950	31,027	31,265	238	31,027
Interest income	-	-	2	2	-
Intergovernmental - state	-	-	18,000	18,000	18,000
Total revenues	<u>135,303</u>	<u>157,309</u>	<u>154,887</u>	<u>(2,422)</u>	<u>175,308</u>
Expenditures:					
Current					
Public safety -					
Salaries	152,320	152,320	171,742	(19,422)	169,682
Fringe benefits	65,380	65,380	65,271	109	62,915
Office and operating supplies	8,000	8,000	8,079	(79)	7,835
Repairs and maintenance	15,000	15,000	40,098	(25,098)	12,869
Telephone and utilities	10,000	11,000	11,824	(824)	11,122
Insurance	26,530	26,530	27,515	(985)	19,051
Gas, oil, tires, and batteries	5,000	10,000	5,974	4,026	10,839
Miscellaneous	-	-	175	(175)	322
Uniforms	2,300	2,300	598	1,702	886
Training	2,000	2,000	708	1,292	-
Capital outlays	-	-	4,629	(4,629)	299
Debt service -					
Principal retirement	31,353	31,353	36,598	(5,245)	35,261
Interest	5,064	5,064	7,735	(2,671)	9,072
Total expenditures	<u>322,947</u>	<u>328,947</u>	<u>380,946</u>	<u>(51,999)</u>	<u>340,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(187,644)</u>	<u>(171,638)</u>	<u>(226,059)</u>	<u>(54,421)</u>	<u>(164,845)</u>
Other financing sources:					
Operating transfers	<u>150,900</u>	<u>130,192</u>	<u>218,790</u>	<u>88,598</u>	<u>130,192</u>
Total other financing sources	<u>150,900</u>	<u>130,192</u>	<u>218,790</u>	<u>88,598</u>	<u>130,192</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	<u>(36,744)</u>	<u>(41,446)</u>	<u>(7,269)</u>	<u>34,177</u>	<u>(34,653)</u>
Fund balance, beginning	<u>(1,609)</u>	<u>(1,609)</u>	<u>(1,609)</u>	<u>-</u>	<u>33,044</u>
Fund balance, ending	<u>\$ (38,353)</u>	<u>\$ (43,055)</u>	<u>\$ (8,878)</u>	<u>\$ 34,177</u>	<u>\$ (1,609)</u>

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Proportionate Share of
Net Pension Liability
Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City's proportion of the net pension Liability (asset)	.082063%	.136121%	.147320%	.122289%	.136625%	.144874%	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$ 693,766	\$1,188,394	\$1,380,803	\$958,006	\$854,737	\$1,157,316	Unavailable	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$ 291,545	\$412,690	\$373,969	\$394,627	\$387,367	\$491,570	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	238%	288%	369%	243%	221%	235%	Unavailable	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	71.89%	70.1%	66.0%	70.7%	75.1%	66.7%	Unavailable	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Proportionate Share of
Net Pension Liability
Municipal Employee Retirement System (MERS) – Plan A
Last 10 Fiscal Years

Fiscal Year Ended June 30:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City's proportion of the net pension liability (asset)	.291401%	.282155%	.304422%	.355219%	.355441%	.492511%	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$ 1,206,598	\$1,180,373	\$1,247,738	\$1,268,898	\$912,220	\$1,526,494	Unavailable	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$ 513,968	\$508,133	\$541,947	\$596,083	\$612,943	\$800,106	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	235%	232%	230%	213%	149%	191%	Unavailable	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	65.6%	63.5%	62.1%	66.2%	74.0%	67.97%	Unavailable	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Proportionate Share of
Net Pension Liability
Firefighters' Retirement System (FRS)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City's proportion of the net pension liability (asset)	.05317%	.065821%	.072197%	.067254%	.058989%	0.00%	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$ 305,838	\$377,276	\$472,234	\$362,977	\$262,496	\$ 0	Unavailable	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$ 126,588	\$153,682	\$162,787	\$136,935	\$132,173	\$ 0	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	242%	245%	290%	265%	199%	0.0%	Unavailable	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	74.8%	63.5%	68.1%	72.4%	76.0%	0.0%	Unavailable	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Proportionate Share of
Net Pension Liability
Louisiana State Employee Retirement System (LASERS)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City's proportion of the net pension liability (asset)	.000913%	.000947%	.00094%	.00105%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset)	\$62,266	\$66,658	\$73,971	\$71,484	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$18,083	\$17,388	\$16,692	\$17,388	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	344%	383%	443%	411%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	64.3%	62.5%	57.7%	62.7%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Contributions

Municipal Police Employee Retirement System (MPERS)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$86,526	\$89,650	\$131,029	\$110,321	\$ 124,308	\$ 113,358	\$ 152,504	\$ 122,731	Unavailable	Unavailable
Contributions in relation to the contractually required contribution	<u>(86,526)</u>	<u>(89,650)</u>	<u>(131,029)</u>	<u>(110,321)</u>	<u>(124,308)</u>	<u>(113,358)</u>	<u>(152,504)</u>	<u>(122,731)</u>	Unavailable	Unavailable
Contribution deficiency (excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	Unavailable	Unavailable
City's covered-employee payroll	\$268,297	\$291,545	\$412,690	\$373,969	\$394,627	\$387,367	\$491,570	Unavailable	Unavailable	Unavailable
Contribution as a percentage of cover-employee payroll	32.25%	30.75%	31.75%	29.5%	31.5%	29.3%	31.1%	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Contributions

Municipal Employee Retirement System (MERS) – Plan A

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$136,148	\$127,207	\$115,600	\$107,035	\$117,726	\$117,359	\$136,012	\$120,815	Unavailable	Unavailable
Contributions in relation to the contractually required contribution	<u>(136,148)</u>	<u>(127,207)</u>	<u>(115,600)</u>	<u>(107,035)</u>	<u>(117,726)</u>	<u>(117,359)</u>	<u>(136,012)</u>	<u>(120,815)</u>	Unavailable	Unavailable
Contribution deficiency (excess)	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	Unavailable	Unavailable
City's covered-employee payroll	\$523,646	\$513,968	\$508,133	\$541,947	\$596,083	\$612,943	\$800,106	Unavailable	Unavailable	Unavailable
Contribution as a percentage of cover-employee payroll	26.0%	24.75%	22.75%	19.75%	19.75%	19.15%	17.0%	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Contributions
Firefighters' Retirement System (FRS)
Last 10 Fiscal Years

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$36,058	\$37,339	\$38,805	\$44,360	\$ 40,054	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Contributions in relation to the contractually required contribution	<u>(36,057)</u>	<u>(37,339)</u>	<u>(38,805)</u>	<u>(44,360)</u>	<u>(40,054)</u>	<u>Unavailable</u>	Unavailable	Unavailable	Unavailable	Unavailable
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Unavailable	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$ 136,067	\$126,588	\$153,682	\$162,787	\$136,935	\$132,173	Unavailable	Unavailable	Unavailable	Unavailable
Contribution as a percentage of cover-employee payroll	26.5%	28.3%	25.3%	27.3%	28.3%	25.2%	Unavailable	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund
Schedule of City's Contributions

Louisiana State Employee Retirement System (LASERS)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$7,251	\$7,251	\$6,607	6,360	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Contributions in relation to the contractually required contribution	<u>(7,251)</u>	<u>(7,251)</u>	<u>(6,607)</u>	<u>(6,360)</u>	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
City's covered-employee payroll	\$18,083	\$18,083	\$17,388	\$16,692	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Contribution as a percentage of cover-employee payroll	40.1%	40.1%	38.0%	38.1%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

CITY OF OAKDALE, LOUISIANA
General Fund

Notes to Required Supplementary Information
for the Year Ended June 30, 2019

(1) Budget and Budgetary Accounting

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

- a. The City Clerk prepares a proposed budget and presents it to the Mayor and Council prior to ninety days before the beginning of each fiscal year.
- b. After the proposed budget is presented to the Mayor and Council, the Mayor publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held by the Mayor and Council on the proposed budget at least ten days after publication of the call for the hearing.
- d. Any changes in the proposed annual operating budget require a majority vote of the Mayor and Council.
- e. No later than the last regular meeting of the fiscal year, the Mayor and Council adopt the annual operating budget for the ensuing fiscal year.
- f. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- g. Budget appropriations lapse at year-end.

(2) Excess of Expenditures Over Appropriations

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the City. Budgeted amounts included in the accompanying financial statements include the original adopted and final budget amounts. The budgets for the general fund and each special revenue fund were amended once during the year.

(3) Pension Information

The schedule of the City's proportionate share of the net pension liability and the schedule of the City's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF OAKDALE, LOUISIANA
Utility System Enterprise Fund
Statement of Operating Expenses by Department
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Water department:		
Salaries	\$ 82,771	\$ 45,192
Fringe benefits	19,288	3,596
Supplies	13,559	106,729
Repairs and maintenance	43,044	55,072
Auto and truck expenses	8,915	9,385
Utilities	187,960	146,915
Insurance	15,683	20,474
Other	4,420	3,670
Depreciation	<u>108,355</u>	<u>110,186</u>
Total water department	483,995	501,219
 Sewer department:		
Salaries	105,654	75,841
Fringe benefits	33,966	36,176
Supplies	82,585	78,135
Repairs and maintenance	45,487	86,544
Auto and truck expenses	4,720	5,679
Utilities	117,395	137,545
Insurance	7,563	6,002
Other	6,808	24,328
Depreciation	<u>279,157</u>	<u>274,347</u>
Total sewer department	683,335	724,597
 Total operating expenses	<u>\$1,167,330</u>	<u>\$1,225,816</u>

CITY OF OAKDALE, LOUISIANA
Utility System Enterprise Fund
Schedule of Number of Utility Customers
(Unaudited)
June 30, 2019

	Number of Customers <u>Water and Sewer</u>
Metered or estimated:	
July, 2018	2044
August, 2018	2047
September, 2018	2026
October, 2018	2007
November, 2018	2021
December, 2018	2029
January, 2019	2026
February, 2019	2023
March, 2019	2017
April, 2019	2031
May, 2019	2033
June, 2019	2023

CITY OF OAKDALE, LOUISIANA
Schedule of Insurance in Force
(Unaudited)
June 30, 2019

Description of Coverage	Coverage Amounts
Workmen's Compensation:	
Employer's liability - bodily injury by disease per accident	\$ 100,000
- bodily injury by disease policy limit	500,000
- bodily injury by accident per employee	100,000
Surety Bonds:	
City clerk	35,000
Other clerks	50,000
General liability:	
City-	
Bodily injury/property damage	500,000
Aggregate	500,000
Police-	
Personal injury/property damage	500,000
Aggregate	500,000
Public officials' error and omissions	500,000
Automobile	500,000
Fire, extended coverage, blanket policy:	
Buildings	5,328,700
Contents	971,685
Comprehensive liability and collision:	
Fire equipment	1,000,000

CITY OF OAKDALE, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
Year Ended June 30, 2019

Gene Paul - Mayor	\$ 45,000
George Ashy	10,200
Ralph Stapleton	9,700
Frederick Douglas	8,400
Ervin Willis	8,400
Cassandra Allison	<u>8,400</u>
Total Compensation Paid to Mayor and Council Members	<u>\$ 90,100</u>

CITY OF OAKDALE, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2019

Chief Executive Officer: Gene Paul, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$45,000
Benefits-insurance	3,248
Benefits-retirement	11,657
Benefits-cell phone	881
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	951
Reimbursements	2,057
Travel	979
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-



ROYCE T. SCIMEMI, CPA, APAC

CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

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

December 31, 2019

Honorable Gene Paul, Mayor
and the City Council
City of Oakdale, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Oakdale, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Oakdale, Louisiana's basic financial statements and have issued our report thereon dated December 31, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as Items 2019-3 I/C, and 2019-4 I/C that we consider to be significant deficiencies.

Honorable Gene Paul, Mayor
and the City Council
City of Oakdale, Louisiana
December 31, 2019
Page 2

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City of Oakdale, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Items 2019-1 C, 2019-2 C, and 2019-5 C.

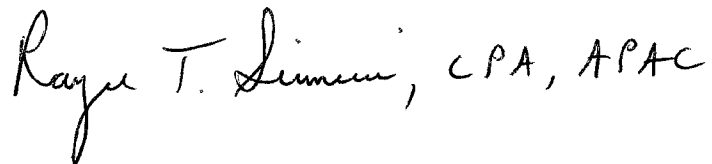
City of Oakdale, Louisiana's Response to Findings

The City of Oakdale, Louisiana's response to the findings identified in our audit is described in the accompanying management's corrective action plan for the current year audit findings and responses. The City of Oakdale, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive style with a large, stylized 'R' and 'S'.

CITY OF OAKDALE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2019

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- | | | |
|---|------------------|---------------------|
| • Material weakness(es) identified? | _____ yes | <u> X </u> no |
| • Control deficiencies(s) identified that are not considered to be material weakness(es)? | <u> X </u> yes | _____ none reported |
| Noncompliance material to financial statements noted? | _____ yes | <u> X </u> no |

Findings – Financial Statement Audit

Finding #2019-1 C:

Louisiana Public Bid Law Compliance

Criteria: For purchases of materials and supplies in between \$10,000 and \$30,000, the Louisiana Public Bid Law requires that at least three phone or fax quotes be obtained. The purchase contract be awarded to the lowest responsible bidder. The City purchased a two vehicle for \$10,581 and \$10,080 and there were no phone or fax quotes of other bids provided as documentation of compliance. Also, the City purchased a well shaft for \$23,078 using the emergency provisions of R.S. 38:2211(A)(5)(a). However, the City did not comply with the requirements, under the statutes, to certify the emergency by the public entity at a public meeting and to provide notice to the public by publishing in the official journal with 10 days of declaring the emergency. This was a prior year finding.

Cause: Lack of compliance or failure to maintain documentation of compliance with the Louisiana Public Bid Law was not gathered at the time the purchases were made.

Effect: Possible violation of the Louisiana Public Bid Law.

Recommendation: The City Clerk should monitor large purchases to ensure compliance with the Louisiana Public Bid Law and adequate documentation of such compliance.

Response: See Corrective Action Plan

Finding #2019-2 C:

Local Governmental Budget Act Compliance

Criteria: The general fund's budgeted revenues exceeded actual revenues by 5% or more and the fire department fund's actual expenditures exceeded budgeted expenditures by 5% or more. This was a prior year finding.

Cause: Miscellaneous income shortfall in the general fund revenues and increased repairs and maintenance expenditures were not identified during the budget process.

Effect: Possible violation of the Louisiana Local Governmental Budget Act.

Recommendation: Closely monitor departmental budgets and annualize interim expenditures in calculating original and amended budgets.

Response: See Corrective Action Plan

CITY OF OAKDALE, LOUISIANA
Schedule of Findings and Responses-Continued
Year Ended June 30, 2019

Finding #2019-3 I/C:

Utilization of Inappropriate Control Procedure for Time and Attendance Records in the Police Department

- Criteria:** During the fiscal year, no time and attendance records were kept detailing the arrival and departure of police employees for payroll purposes. Of the numerous police payroll records reviewed, all reflected an even number of hours worked based on the expected number of work hours scheduled. When requested, police staff could not provide any stamped time cards for any police employees for the fiscal year. This puts all police department employees on the honor system with respect to the number of hours worked and makes it impossible for an immediate supervisor to appropriately monitor hours worked by subordinate employees. This was a prior year finding.
- Cause:** There may have been inappropriate reliance upon Louisiana Attorney General Opinion 12-0195 which interprets the Lawrason Act to prevent the Mayor and Council from requiring the police department to use time clocks and cards in certain instances. The reason cited in the opinion was to allow the Chief of Police inherent authority as an elected official and to direct the administration of the day-to-day police department operations. There was an apparent concern over inherent security issues (such as release of confidential information like the true identity of the officer) with under cover personnel. This confidentiality issue is not normally applicable to most of the department's uniformed police officers.
- Effect:** Possible violation of Article 7, Section 14 of the Louisiana Constitution and possible liability to employees for time worked and not paid.
- Recommendation:** Police management should at the very least require employees to record work arrival and departure times for payroll purposes. This would allow supervisors to appropriately calculate and monitor payroll records so that employees are paid only for hours worked. There are special procedures utilized by many police departments to compensate under cover officers appropriately.
- Response:** See Corrective Action Plan

Finding #2019-4 I/C:

Incomplete accounting and inaccurate/untimely prepared bank reconciliations

- Criteria:** Incomplete accounting and inaccurate/untimely prepared bank reconciliations. This was a prior year finding.
- Cause:** Prioritization of work load by staff.
- Effect:** Difficulties in preparing accurate and timely management financial statements.
- Recommendation:** The City should timely and accurately complete its monthly accounting and related bank reconciliations during the month following the month being reconciled.
- Response:** See Corrective Action Plan

CITY OF OAKDALE, LOUISIANA
Schedule of Findings and Responses -Continued
Year Ended June 30, 2019

Finding #2019-5 C:

Article 7, Section 14 of the 1974 Louisiana Constitution

Criteria: The City rewarded its employees with additional one-time supplemental payroll payments grossing \$40,577 that may have been in violation of Article 7, Section 14 of the 1974 Louisiana Constitution, which prohibits the donation, loan, or pledging of any public funds. The Council and Mayor approved the payments in their November 2018 meeting and the payments were made that month. The payroll payments appear to be a gratuity for services previously rendered by the employees.

Cause: It is possible that these payments could have been allowed under certain conditions. If the City had written provisions in place before the beginning of the fiscal year that provided for the payroll payment contingent upon a specified future event, such payroll payments may have been allowable.

Effect: Possible violation of the Article 7, Section 14 of the 1974 Louisiana Constitution.

Recommendation: Obtain an Attorney General Opinion as to whether this type of payment is allowable and use his/her direction to prevent any future potential violations.

Response: See Corrective Action Plan

Federal Award Findings and Questioned Costs

- None

CITY OF OAKDALE, LOUISIANA
Management's Corrective Action Plan for
Current Year Audit Findings and
Responses (Unaudited)
Year Ended June 30, 2019

Finding #2019-1 C:

Louisiana Public Bid Law Compliance

Management is now aware of the requirements of the Louisiana Public Bid Law and will comply in the future.

Finding #2019-2 C:

Local Governmental Budget Act Compliance

Management is monitoring revenues and expenditures monthly and amending the budget as necessary to comply with the Louisiana Local Governmental Budget Act.

Finding #2019-3 I/C:

Utilization of Inappropriate Control Procedure for Time and Attendance Records in the Police Department

The police department will initiate a time recording system that will generally provide documentation of the time employees come to work and leave work so that supervisors are able to accurately monitor time reported for payroll purposes. The only exception will be for undercover officers who will provide appropriate time sheets subsequent to the hours worked that will allow supervisors to accurately monitor time reported for payroll purposes. The former Chief of Police, who resigned in December 2019, was responsible for this finding. The current Chief of Police, who was appointed in December 2019, has corrected this issue.

Finding #2019-4 I/C:

Incomplete accounting and inaccurate/untimely prepared bank reconciliations

The City Clerk will catch up with the accounting and bank reconciliations as quickly as possible to ensure completion of monthly accountings and bank reconciliations during the month following the month being reconciled.

Finding #2019-5 C:

Article 7, Section 14 of the 1974 Louisiana Constitution

The City will not make any future one-time supplemental payroll payments until it receives a favorable opinion from the Louisiana Attorney General. In the meantime, the City will create written provisions, before the beginning of the fiscal year during which any one-time supplemental payroll payments will be made. The provision will provide for a contingency or goal to be achieved upon a specified future event before the payments are made.

CITY OF OAKDALE, LOUISIANA
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2017

Finding #2018-1 C:

Louisiana Public Bid Law Compliance

Management is now aware of the requirements of the Louisiana Public Bid Law and will comply in the future.

Finding #2018-2 C:

Reserve Fund Requirements on Sewer Revenue Bond Issue

When funds became available, the City made the required payments.

Finding #2018-3 C:

Local Governmental Budget Act Compliance

Management is monitoring revenues and expenditures monthly and amending the budget as necessary to comply with the Louisiana Local Governmental Budget Act.

Finding #2018-4 I/C:

Collection Procedures for Delinquent Utility Accounts Receivable

The City has monitored accounts receivable collection procedures to ensure services are cut-off when customers fail to either make timely payments of their balances or make alternate arrangements acceptable to the City.

Personal Use of City Vehicle by the Chief of Police

The Chief of Police will no longer use police vehicles for personal trips that would prevent him from being able to respond to emergencies within a reasonable time. This would ensure that the cost of his personal use of the vehicle does not outweigh the public benefit received. This finding was applicable to the former Chief of Police and not the current one.

Finding #2019-6 I/C:

Utilization of Inappropriate Control Procedure for Time and Attendance Records in the Police Department:

The police department will initiate a time recording system that will generally provide documentation of the time employees come to work and leave work so that supervisors are able to accurately monitor time reported for payroll purposes. The only exception will be for undercover officers who will provide appropriate time sheets subsequent to the hours worked that will allow supervisors to accurately monitor time reported for payroll purposes.

Finding #2019-7 I/C:

Inappropriate Documentation of Odometer Readings by the Chief of Police

The Chief of Police will accurately enter odometer readings on police vehicles when fueling them using the Wex system.

Finding #2019-8 C:

Louisiana Audit Law

The City is filing its audited financial statements for the fiscal year ended June 30, 2019 timely in compliance with the Louisiana Audit Law and will continue to do so in the future.

Finding #2019-9 I/C:

Incomplete accounting and inaccurate/untimely prepared bank reconciliations

The City Clerk will catch up with complete and accurate accounting and bank reconciliations as quickly as possible to ensure accurate monthly accountings and bank reconciliations during the month following the month being reconciled.

ROYCE T. SCIMEMI, CPA, APAC

CERTIFIED PUBLIC ACCOUNTANT

Member
American Institute of
Certified Public Accountants

P.O. Box 210
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
Society of Louisiana
Certified Public Accountants



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Gene Paul, Mayor
And the City Council
City of Oakdale, Louisiana

December 31, 2019

We have performed the procedure enumerated below, which were agreed to by the management of the City of Oakdale, Louisiana (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2018 through June 30, 2019. The City's management is responsible for those C/C areas identified in the SAUP's.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report had been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
All addressed without exception.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
All addressed without exception.
 - c) ***Disbursements***, including processing, reviewing, and approving.

All addressed without exception.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, and agency fund forfeiture monies confirmation).

All addressed with exception of no policy in place regarding management's actions to determine the completeness of all collections for each type of revenue (Exception).

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

All addressed without exception.

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

All addressed without exception.

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

All addressed without exception.

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

All addressed without exception.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

None of the four requirements were included in the City's written policies (Exception).

Management Response/Corrective Action: Management will update the City's written policies to include the required ethics provisions.

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No written policy was provided (Exception).

Management Response/Corrective Action: Management will update the City's written policies to include the required debt service provisions.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

All addressed with the exception of the use of antivirus software on all systems and timely application of all available system and software patches/updates (Exception).

Management Response/Corrective Action: Management will update the disaster recovery/business continuity policies to include the required provisions.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The minutes reflected that the managing council met monthly in accordance with enabling legislation without exception.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The monthly budget-to-actual comparisons were referenced in the minutes and provided to the Council and Mayor by handout at all meetings without exception.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The general fund as reported in the prior year audit report did not have a negative ending unrestricted fund balance.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all

accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged):

The listing was provided by management. For each bank account selected, there was no evidence that the bank reconciliations were prepared within two months of the related statement closing date (Exception).

Management Response/Corrective Action: The City Clerk will catch the bank reconciliation process up and provide documentation that the date of the reconciliations occurred within the two months of the related statement closing date. Another employee was hired to assist the City Clerk with the bank reconciliations and correct this exception.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The bank reconciliations selected did not include evidence of a qualifying member of management reviewed or initialed and dated them (Exception).

Management Response/Corrective Action: A member of management who does not handle cash, post to the ledger or issue checks will review bank reconciliations on a monthly basis after completion.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The bank reconciliations tested reflected no outstanding reconciling items older than 12 months from the statement closing date.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The listing was provided by management.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Each cashier is responsible for their own cash drawer.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The cashiers responsible for collecting cash are not responsible for preparing bank deposits.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The cashiers responsible for collecting cash are responsible for posting collection entries to the general/subsidiary ledgers through an integrated accounting system. However, another employee (not responsible for collection cash) is responsible for reconciling ledger postings to each other and the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

The employee responsible for reconciling cash collections to the general ledger/subsidiary ledgers is not responsible for collecting cash. The cashiers are responsible for posting cash collections to the subsidiary ledgers.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Each employee responsible for handling cash is bonded without exception.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Not all deposit receipts are required to be sequentially pre-numbered. Deposits of various revenues like franchise taxes, grants, fire tax rebates, etc. are received in the mail or transferred online from the grantor agencies. The ones received in the mail are subsequently deposited. When sequentially pre-numbered receipts were applicable, they were in sequence without exception.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

When applicable, sequentially pre-numbered receipts, system reports, and other related collection documentation were traced to deposit slips without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

The deposit slip totals on the applicable tested deposits were traced to the bank statement deposits without exception.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

The tested deposits were made within one business day of receipt without exception.

- e) Trace the actual deposit per the bank statement to the general ledger.

The tested deposits were traced to the general ledger without exception.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Since no prior year exceptions were reported in this category, testing was not required.

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

N/A

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

N/A

- b) At least two employees are involved in processing and approving payments to vendors.

N/A

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

N/A

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

N/A

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

N/A

- a) Observe that the disbursement matched the related original invoice/billing statement.

N/A

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

N/A

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Since no prior year exceptions were reported in this category, testing was not required.

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

N/A

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

N/A

- b) Observe that finance charges and late fees were not assessed on the selected statements.

N/A

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

N/A

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Management provided the required list without exception.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

The City used GSA rates on a per diem basis for mileage. The City paid the meals and incidental expense rate of \$93/day to one council member that attended the LMA conference. The rate should have been \$51/day for just the meals and incidental expenses and should not have included the lodging rate of \$42/day. (Exception).

Management Response/Corrective Action: When calculating per diem reimbursements, the City will use just the meals and incidental expense rates whenever lodging is provided.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

The City did reimburse actual costs on two of the five reimbursements tested. Those reimbursements were supported by an original itemized receipt that identified precisely what was purchased without exception.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

All of the tested reimbursements were support by documentation of the business/public purpose without exception.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement without exception.

Contracts

Since no prior year exceptions were reported in this category, testing was not required.

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

N/A

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

N/A

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

N/A

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

N/A

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

N/A

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the required listing. Salaries and wages paid to each of the selected employees/officials agreed with the authorized salaries/pay rates in the employee/official's personnel payroll file without exception.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Documentation of daily attendance and leave for all employees tested was provided without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Written documentation of supervisor's approval for attendance and leave was provided without exception.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The City maintained written leave records reflecting the hours earned, the hours used, and the cumulative balance of hours available without exception.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The listing was provided by management. The termination payments made to the tested employees were in strict accordance with the termination policy and properly calculated.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management represented to us that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums were paid timely, and associated forms had been filed, with the exception of four instances where a retirement contribution was late being filed and paid (Exception).

Management Response/Corrective Action: Management will file all retirement reports and remit all retirement contributions on a timely basis.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a.) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

There was no documentation provided that demonstrated that any of the selected employees completed the one hour of ethics training during the fiscal period (Exception).

Management Response/Corrective Action: Management will verify, before the end of each fiscal year, that all employees have written verification that the ethics training has been completed, regardless of the length of employment at that time.

- b.) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

There was no documentation demonstrating that any of the five employees selected, attested through signature verification that he or she had read the City's ethics policy during the fiscal period (Exception).

Management Response/Corrective Action: Management will deliver and/or make accessible to each employee on an annual basis, a copy of the City's ethics policy. Management will document, with signature verification, that each employee has read the policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The listing was provided by management. The general obligation bond issuance during this fiscal year was approved by the State Bond Commission. The capital lease obligation incurred during this fiscal year contained the required nonappropriations clause that exempts it from the State Bond Commission approval process.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Supporting documentation for the reserve balances and payments selected were provided that reflected the City's compliance with the funding requirements for the required debt reserves.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management informed us that the City did not have any misappropriation of public funds or assets during the fiscal year.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The City did have the required notice posted in a conspicuous place upon its premises and on its website.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Royce T. Scimemi, CPA, APAC

