

**CITY OF MINDEN
EMPLOYEE BENEFIT PLAN & TRUST
EIN 72-6000902
PLAN #501**

**Financial Statements
March 31, 2019**



INDEPENDENT AUDITOR'S REPORT

To Trustees of City of Minden
Employee Benefit Plan & Trust

Report on the Financial Statements

We have audited the accompanying financial statements of City of Minden Employee Benefit Plan & Trust (the Plan), which comprise the statements of net assets available for benefits and of benefit obligations as of March 31, 2019 and 2018, and the related statement of changes in net assets available for benefits and of changes in benefit obligations for the year ended March 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of March 31, 2019 and 2018, and the changes in its financial status for the year ended March 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019, on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results on our audit.

Broussard and Company

September 23, 2019
Lake Charles, Louisiana

CITY OF MINDEN
EMPLOYEE BENEFIT PLAN & TRUST
EIN 72-6000902
Plan #501

Statements of Benefit Obligations and Net Assets
Available for Benefits
March 31,

	<u>2019</u>	<u>2018</u>
<u>BENEFIT OBLIGATIONS</u>		
Claims payable	\$ 40,336	\$ 82,132
Claims incurred but not reported	<u>221,082</u>	<u>134,138</u>
Total obligations other than postretirement benefit obligations	<u>261,418</u>	<u>216,270</u>
 <u>NET ASSETS</u>		
ASSETS		
Cash - interest bearing	117,941	152,817
Insurance company reimbursements receivable	20,532	184,429
Refunds receivable	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>138,473</u>	<u>337,246</u>
LIABILITIES		
Cash overdraft	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>-</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>138,473</u>	<u>337,246</u>
 <u>(DEFICIT) OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS</u>	 <u>\$ (122,945)</u>	 <u>\$ 120,976</u>

See Notes to Financial Statements.

CITY OF MINDEN
EMPLOYEE BENEFIT PLAN & TRUST
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Statement of Changes in Benefit Obligations
and Net Assets Available for Benefits
For the Year Ended March 31, 2019

NET INCREASE IN BENEFIT OBLIGATIONS

Increase (decrease) during the year attributable to:

Claims payable	\$ (41,796)
Claims incurred but not reported	86,944

NET (DECREASE) IN BENEFIT OBLIGATIONS	<u>45,148</u>
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NET INCREASE IN NET ASSETS AVAILABLE
FOR BENEFITS

Additions to plan assets attributable to:

Sponsor contributions	1,948,395
Participants contributions	554,558
Retiree contributions	162,771
COBRA contributions	8,945
Insurance company reimbursements	20,532
Miscellaneous	7,499

TOTAL ADDITIONS	<u>2,702,700</u>
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Deductions from plan assets attributable to:

Benefits paid to participants	2,084,193
Payments for insurance premiums	760,694
Administrative expenses	56,586

TOTAL DEDUCTIONS	<u>2,901,473</u>
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NET (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	<u>(198,773)</u>
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(DECREASE) IN EXCESS OF NET ASSETS AVAILABLE
FOR BENEFITS OVER BENEFIT OBLIGATIONS

(243,921)

(DEFICIT) OF NET ASSETS AVAILABLE FOR BENEFITS
OVER BENEFIT OBLIGATIONS

BEGINNING OF YEAR	<u>120,976</u>
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END OF YEAR	<u><u>\$ (122,945)</u></u>
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See Notes to Financial Statements.

CITY OF MINDEN
EMPLOYEE BENEFIT PLAN & TRUST
EIN 72-6000902
PLAN #501

Notes to Financial Statements
March 31, 2019

Note 1 - Description of the Plan

The City of Minden Employee Benefit Plan & Trust provides medical, dental, vision, life and accidental death benefits covering substantially all employees. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The plan provides benefits (medical, hospital, surgical, major medical, dental, vision, life) that cover permanent, full-time employees and retired employees (and their covered dependents) of the city that choose to participate following the employee waiting period. The employee waiting period for all new employees is the first of the month following the first 31 days of full-time employment. The plan also provides continuation coverage as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for qualified beneficiaries who would otherwise have lost coverage under the plan. Retired employees may elect to continue coverage within certain guidelines established under the Plan through a fully insured plan.

The plan provides benefits through a funding arrangement that includes a trust, which is funded by the plan sponsor and/or the participating employees, and with insurance to protect the plan against unpredictable excess claims. Under the plan agreement, the city contributes in cash to the plan in a manner and at such time determined by a committee, which is a plan fiduciary. Employees and retirees contribute to the plan in order to participate. The contribution is based on the coverage elected by the participants (i.e. single, family, etc.) and their participant class. Former members covered under COBRA make contributions to the plan for continuation of health coverage.

Medical benefits are provided on a partially self-insured basis for active participants, and are provided on a fully-insured basis for retirees effective June 30, 2013. The plan has purchased insurance contracts to protect the plan against excessive or unpredictable claims. The insurance contracts include specific loss provisions that cover claims in excess of \$145,000 for each individual covered under the medical plan. The insurance contracts also include aggregate loss provisions that cover the combined claims for all participants of the plan when the qualified claims for the plan year exceed a stated amount. The stated amount under the aggregate loss provisions was approximately \$2,756,787 at March 31, 2019.

Although it has not expressed the intent to do so, the city has the right to discontinue its contributions at any time and to terminate the plan subject to the provisions of ERISA. Funds contributed to the plan are irrevocably restricted for the use and provision of benefits to company employees.

The foregoing description of the plan provides only general information. Employees should refer to the Summary Plan Description & Plan Document for a more complete description of the plan's provisions.

CITY OF MINDEN
EMPLOYEE BENEFIT PLAN & TRUST
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Notes to Financial Statements (Continued)
March 31, 2019

Note 2 - Summary of Significant Accounting Policies

When applicable, quoted market prices are used to value investments. Certificates of Deposit are valued based on original cost plus accrual interest. Certificates of Deposit with a maturity of three months or less are treated as cash.

The obligation for claims incurred before the financial statement date, but not reported to the plan as of the end of year, is estimated on an overall basis based on prior loss experience and review of claims paid subsequent to the plan year. The obligation is determined based on the present value of the ultimate cost to settle the claims.

The authoritative guide for postretirement benefit obligations is Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions*. Based upon GASB Statement 75, the Plan's postretirement benefit obligations are recorded on the City's financial statements and not the Plan's.

Note 3 - Fidelity Bonding Requirement

ERISA requires every fiduciary of an employee benefit plan and every person who handles funds of the plan to maintain fidelity bond coverage equal to 10% of the amount of plan assets. The trustee (fiduciary) does not maintain such a bond.

Note 4 - Tax Status

The plan and trust is no longer pursuing tax exempt status. However, taxable income to the trust is defined in such a way that yields no tax liability for the current year. Accordingly, no tax liability or expense is reflected in the financial statements. The trust is current with all tax filings and has three open years subject to examination from federal authorities.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the trust may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended March 31, 2019.

CITY OF MINDEN
EMPLOYEE BENEFIT PLAN & TRUST
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Notes to Financial Statements (Continued)
March 31, 2019

Note 5 - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 6 - Fair Value Measurements

The fair value of financial instruments classified as assets or liabilities, including cash, insurance contributions receivable, refunds receivable, and benefit obligations approximate carrying value, principally because of the short maturity of those items.

Note 7 - Subsequent Events

The Plan evaluated its March 31, 2019 financial statements for subsequent events through September 23, 2019, the date of which the financial statements were available to be issued. The Plan is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Note 8 - Concentration of Credit Risk

The Plan maintains a cash balance at a financial institution located in Minden, Louisiana. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2019, the Plan's bank balance did not exceed the FDIC insurance limit.



Broussard & Company
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**

Trustees of the City of Minden
Employee Benefit Plan & Trust
Minden, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Minden Employee Benefit Plan & Trust (the Plan), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated September 23, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Broussard & Company
Certified Public Accountants

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.

Broussard and Company

Lake Charles, Louisiana
September 23, 2019

CITY OF MINDEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2019

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- | | | |
|--|-----------|--------------|
| • Material weakness identified? | _____ yes | ____X____ no |
| • Significant deficiencies identified that are not material weaknesses | _____ yes | ____X____ no |
| • Noncompliance material to financial statements noted? | _____ yes | ____X____ no |

City of Minden Employee Benefit Plan

Note: This schedule is required for all local auditees, including quasi-public entities.

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Year Ended: March 31, 2019

Trustee: Michael Fluhr

Purpose	Amount
Salary	-
Benefits-insurance	-
Benefits-retirement	-
Benefits (other--list here)	-
Car allowance	-
Reimbursements (meals)	-
Travel (mileage, parking, tolls, taxi, etc)	-
Registration fees	-
Conference travel (air fare)	-
Housing / Hotel	-
FY TOTAL:	-

The City of Minden does not pay the Trustee's compensation.