

CITY OF BOGALUSA, LOUISIANA

*Primary Government Basic Financial
Statements, Independent Auditor's Reports, and
Supplemental Information*

Year Ended December 31, 2019

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December 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bogalusa Louisiana (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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, I express no such opinion. An audit 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's discretely presented component units as described in Note 1 to the financial statements. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of this departure from accounting principles generally accepted in the United States of America, on the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the City as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bogalusa, as of December 31, 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.

Emphasis of a Matter

As described in Note 15 to the financial statements, the City's total net pension liability for governmental and business-type activities was approximately \$29.5 million at June 30, 2019, as determined by each of the four pension plans in which the City participates of which \$20.5 million of this net liability is from the City of Bogalusa Employee's Retirement System which is 17.28% funded requiring the City to evaluate how to provide additional funding. The related actuarial valuations that determined the net pension liabilities were performed by each of the pension systems' actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at December 31, 2019, could be under or overstated. My opinion is not modified with respect to these matters.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the Proportionate Share of the Net Pension Liability for the Retirement Systems, the Schedule of Employers' Contributions to each Retirement System, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Single Employer Plan Contributions, the Budgetary Comparison Schedules, and the related notes to the required supplementary information, as listed in the table of contents, 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bogalusa's basic financial statements as a whole. The information required by debt agreements, the Schedule of Compensation, Benefits and Other Payments to the Agency Head (compensation schedule), the combining, non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The compensation schedule is required by LA R.S. 24:513.

The combining non-major fund financial statements and the compensation schedule required by state law are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The information required by debt agreements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 3, 2020, on my consideration of the City of Bogalusa, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bogalusa, Louisiana
September 3, 2020

**CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

The Management Discussion and Analysis (MD&A) offers the readers of the City of Bogalusa's financial statements a narrative overview of the financial activities of the City of Bogalusa for the fiscal year ended December 31, 2019 and 2018. The City's financial performance is discussed and analyzed in correlation with the accompanying statements and disclosures following this section.

The reader is urged to continue on past the MD&A and review other important sections of this financial report, including footnotes, Required Supplemental Information (RSI), and other supplemental information.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bogalusa exceeded its liabilities, deferred outflows and deferred inflows at the close of 2019 by \$16.118 million (total net position). Unrestricted net position is in a deficit position of \$31.47 million. This deficit position is the result of the City's non-capital related liabilities exceeding unrestricted assets. A major contributing factor to this unfavorable financial position is the balance of the City's net pension liability on the City's participation in various pension plans. Two accounting standards, GASB 68 and GASB 71, requires the proportionate share of the net pension liability for each cost sharing plan and the total City of Bogalusa Employees' Retirement System's (COBERS) net pension liability to be recorded on the City's financials. The total of this liability at December 31, 2019 is \$29.50 million
- During the year, expenses for governmental activities amounted to \$14.11 million. These expenses were paid from revenues of approximately \$14.28 million, consisting of \$10.26 million generated from taxes, \$.46 million generated from other revenues for governmental programs, \$1.90 million generated from charges for services and grants and contributions, and \$1.66 million generated from transfers from business-type activities.
- In the City's business-type activities, expenses amounted to approximately \$3.66 million and transfers out to governmental activities of \$1.66 million. These expenses were paid from revenues of \$4.07 million for service charges and \$1.16 million for tax revenues and \$.17 million in miscellaneous and grant income.
- At the close of the fiscal year, the City of Bogalusa's governmental funds reported combined ending fund balances of \$4.02 million, an increase of approximately \$.56 million. This combined fund balance is largely attributable to amounts accumulated in the Industrial Complex Sales Tax and several other dedicated tax funds. Most of these governmental fund balances, except that for the general fund, are restricted as to their use. Business-type funds reported \$10.61 million in total net position (including capital assets) for the close of the fiscal year, or an increase of approximately \$.08 million.
- The general fund reported a fund balance of \$367,426 as of the end of the fiscal year. This is a decrease of \$287,931 over the prior year fund balance of \$655,357. The decrease in fund balance was due to a decrease in revenue and other sources of \$984,032 offset by a decrease in expenditures and other uses of \$123,619 which nets to a decrease in change in fund balance of \$860,413.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

Government-wide Statements

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between the assets, deferred outflows, liabilities, and deferred inflows is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as balances of available resources that can be used to meet the City's ongoing obligations at the close of the year. Such information may be useful in evaluating the City's near-term financing requirements.

The City uses fifteen *governmental funds*. There are two major governmental funds, which have separately presented information in the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, and the Industrial Complex Sales Tax Fund. The thirteen non-major funds are presented in the aggregate in the governmental fund financial statements. Individual fund financial information is presented in the combining statements found in the Supplemental Information.

The City has one *proprietary type fund*. Proprietary type funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's proprietary type fund is considered to be an enterprise fund, since the costs of activities are paid for by the customer user fees. The enterprise fund accounts for its Utilities System operations, which provides water, sewer, and garbage collection services.

Fiduciary type fund statements provide financial information on funds for which the City acts as a trustee or agent for the benefit of others, such as the City of Bogalusa Employees' Retirement System.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information (Budgetary Comparison Schedules, and the Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios, Employee Contributions for the City of Bogalusa Employees' Retirement System and other Statewide cost sharing pension plan schedules and OPEB), as well as supplemental information presented in the form of combining statements of individual fund financial information, detailed Budgetary Comparison Schedules for the major funds, and Schedule of Insurance In-force, and Public Utility System Operations.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City reported combined net position at the end of fiscal year 2019 in the amount of \$16,187,081, an increase of \$253,168 when compared to the 2018 net position of \$15,933,913, as restated. The schedule of net position below indicates net position for both governmental activities and business-type activities, and combines them into total primary government columns.

	Schedule of Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	Restated				Restated	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6.31	\$ 7.56	\$ 1.13	\$ 1.19	\$ 7.44	\$ 8.75
Capital assets	30.15	31.32	16.48	17.06	46.63	48.38
Total assets	36.46	38.88	17.61	18.25	54.07	57.13
Deferred outflows of resources	3.20	1.95	0.21	0.04	3.41	1.99
Long-term liabilities	28.67	29.17	6.29	7.08	34.96	36.25
Other liabilities	2.22	3.77	0.42	0.40	2.64	4.17
Total liabilities	30.89	32.94	6.71	7.48	37.60	40.42
Deferred inflows of resources	3.20	2.49	0.50	0.28	3.70	2.77
Net position						
Net investment in						
capital assets	29.52	30.48	14.00	14.08	43.52	44.56
Restricted	3.73	3.72	0.40	0.57	4.13	4.29
Unrestricted	(27.68)	(28.80)	(3.79)	(4.12)	(31.47)	(32.92)
Total net position	\$ 5.57	\$ 5.40	\$ 10.61	\$ 10.53	\$ 16.18	\$ 15.93

The largest portion of the City of Bogalusa's net position (269%) reflects net investment in capital assets (e.g. land, buildings, improvements, streets, bridges, equipment, vehicles, utility systems, and furniture and fixtures), less any related debt or deferred inflows used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending. It should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Bogalusa's net position (25%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position (-194%) represents a deficit that is a result of pension system debt and other liabilities exceeding assets available to pay those liabilities.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

Changes in net position

The City's total revenue and expenses for governmental and business-type activities are reflected in the following chart:

	Changes in Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Revenues:						
Program revenues:						
Charges for services	\$ 1.19	\$ 1.13	\$ 4.07	\$ 4.17	\$ 5.26	\$ 5.30
Oper. grants & contrib.	0.68	0.90	-	-	0.68	0.90
Capital grants & contrib.	0.03	0.93	0.03	0.06	0.06	0.99
General revenues:						
Property and other taxes	3.35	3.30	0.22	0.21	3.57	3.51
Sales taxes	6.91	6.88	0.94	0.94	7.85	7.82
Franchise fees	0.33	0.31	-	-	0.33	0.31
Unrestricted interest	0.01	-	0.02	0.02	0.03	0.02
Miscellaneous	0.26	0.82	0.12	0.05	0.38	0.87
Net loss on dissolution of joint venture	(0.14)	-	-	-	(0.14)	-
Transfers	1.66	1.46	(1.66)	(1.46)	-	-
Total revenues	<u>14.28</u>	<u>15.73</u>	<u>3.74</u>	<u>3.99</u>	<u>18.02</u>	<u>19.72</u>
Expenses:						
General government	2.82	4.12	-	-	2.82	4.12
Public safety	6.58	6.22	-	-	6.58	6.22
Public works	2.77	2.82	-	-	2.77	2.82
Landfill	0.38	0.40	-	-	0.38	0.40
Culture & recreation	0.37	0.37	-	-	0.37	0.37
Economic development	0.63	0.66	-	-	0.63	0.66
Airport	0.53	0.51	-	-	0.53	0.51
Interest and costs on long term debt	0.03	0.04	-	-	0.03	0.04
Water, sewer, & garbage	-	-	3.66	4.22	3.66	4.22
Total expenses	<u>\$ 14.11</u>	<u>\$ 15.14</u>	<u>\$ 3.66</u>	<u>\$ 4.22</u>	<u>\$ 17.77</u>	<u>\$ 19.36</u>
Change in net position	0.17	0.59	0.08	(0.23)	0.25	0.36
Net position, beginning, as restated	<u>5.40</u>	<u>4.81</u>	<u>10.53</u>	<u>10.76</u>	<u>15.93</u>	<u>15.57</u>
Net position, ending	<u>\$ 5.57</u>	<u>\$ 5.40</u>	<u>\$ 10.61</u>	<u>\$ 10.53</u>	<u>\$ 16.18</u>	<u>\$ 15.93</u>

The City's net position within its governmental activities increased by \$170,251 because of revenues exceeding expenses for the year. Governmental revenue decreased by \$1,446,883 as a result of decreases in grants and contributions. The City's grants and contributions decreased by approximately \$1,123,000 in the governmental activities due to less projects funded with federal grants. Expenses in the governmental activities decreased by \$1,027,441 primarily as a result the net pension liability adjustments and associated deferrals. The City's ending net position within its business-type activities increased by \$82,917. On a combined basis, the City's increase in net position, or net gain, was \$253,168.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

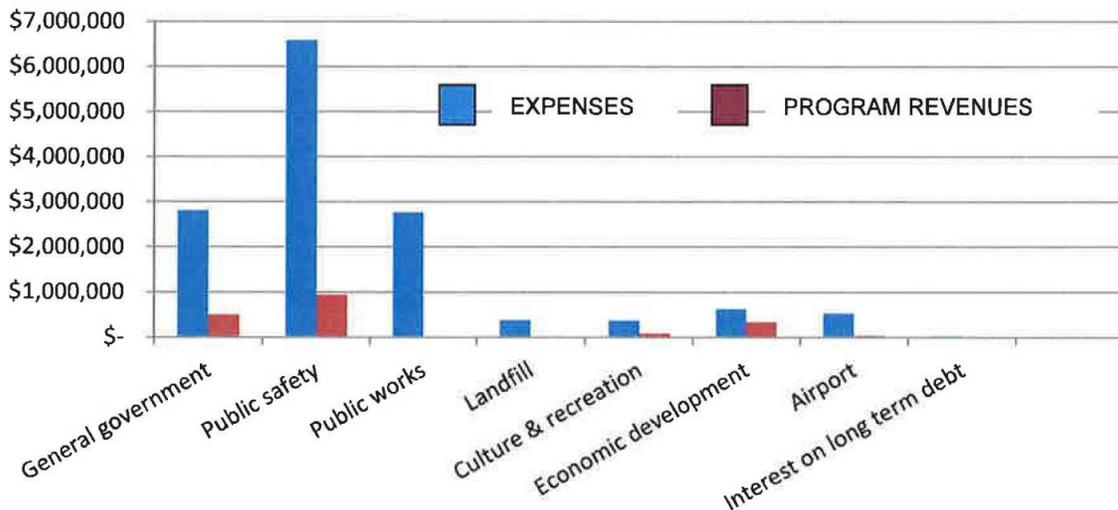
Revenues by Source - Governmental Activities



Revenues for the City's governmental activities for the year ended December 31, 2019 were \$14,277,697. Sales tax and property tax revenues are the largest components of revenues (72%). Sales taxes represent approximately 55% of recurring government activity revenue, exclusive of transfers in, and totaled \$6,910,906 for 2019, an increase of 6.6% when compared to 2018.

The cost of all governmental activities in 2019 was \$14,107,446, compared to \$15,134,887 (as restated), in 2018, a decrease of 6.8% from the prior. These expenses were more than the above revenues for 2019.

Expenses and Program Revenues - Governmental Activities

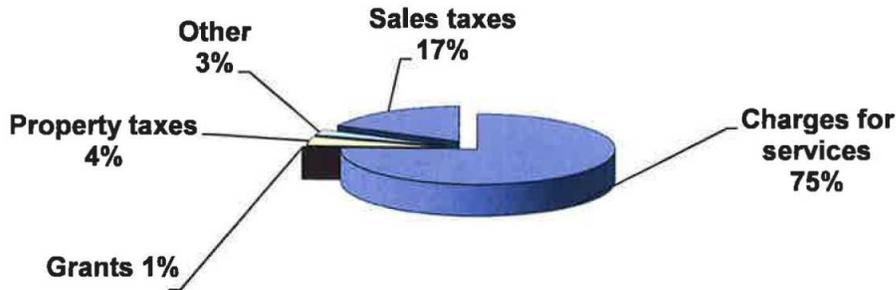


The graph above shows the City's seven primary governmental activities in 2019, as well as long-term debt interest, compared to program-generated revenues covering those expenses. General revenues, such as taxes, cover the remaining costs.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

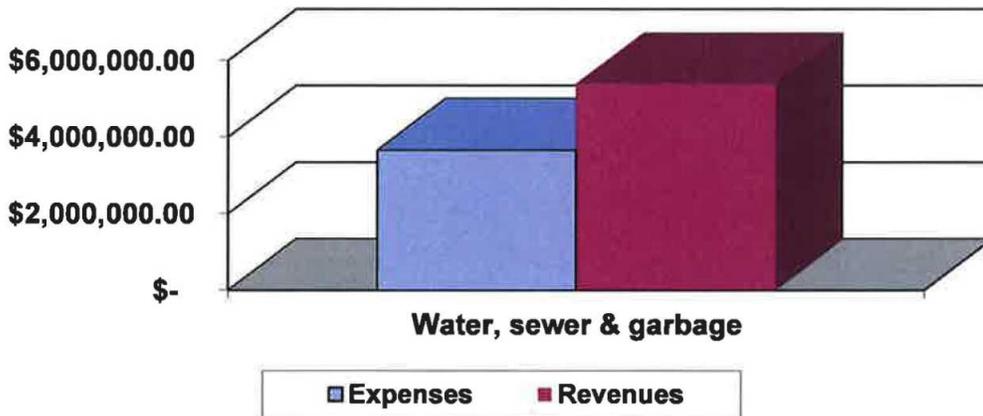
The following graph indicates business-type activities revenues by source:

Revenues by Source - Business-type Activities



Revenues for the City's business-type activities for the year ended December 31, 2019 were \$5,397,292. User fees are by far the largest source of revenue (75%) for the City's utility system and garbage collections. Sales tax revenue (17%) is largely dedicated to the payment of long-term debt incurred on the sewer system upgrade. The City's utility system business-type activities are related to water, sewer, and garbage collection activities.

Expenses and Revenues - Business-type Activities



The above graph reveals that the utility system fully supports itself. Of the revenues generated from the utility system, the City was able to net transfer \$1,656,395 from the business-type activities to subsidize the governmental activities.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended December 31, 2019, the City reported combined fund balances in *governmental funds* of approximately \$4.02 million, an increase of \$.56 million from 2019. The General Fund reported a fund balance of approximately \$367,000 at December 31, 2019, which represents a decrease in the fund balance of approximately \$287,000 from 2019. The decrease in fund is primarily due to the City receiving one time revenues in 2018 that did not reoccur in 2019. The General Fund is the city's primary operating fund.

The largest fund balance, \$2.02 million, is reported in the Industrial Complex Sales Tax Fund. This fund experienced a \$0.69 million decrease from 2019 largely due to increases in capital outlay expenditures. The landfill and other governmental funds report aggregate fund balances of approximately \$1.64 million, an increase of \$0.92 million over 2018. The balances within the Industrial Park Sales Tax Fund and the other governmental funds are, with minor exceptions, restricted as to use and cannot be used to fund general operations.

The Proprietary Fund (the Utility System) reported an increase in net position, resulting from revenues exceeding expenses and transfers by \$.82 million. This bottom-line net gain for the System included \$.90 million of depreciation expense and net transfers out of \$1.66 million, and therefore, the utility system's net income before depreciation and transfers was \$1.57 million, a positive financial indicator.

General Fund Budgetary Highlights

During the fiscal year, the 2019 budget was revised to reflect an anticipated increase in revenues and an increase in expenditures. Actual results for 2019 showed revenues and transfers-in were less than the final budget by \$224,498. Actual expenditures and transfers out were \$124,157 less than budgeted.

The General Fund operated at a deficit (or net change in fund balance) of \$287,931 for 2019. When this operating deficit is added to the fund balance of \$655,357 at the beginning of the year, the resulting general fund balance resulted in a surplus at December 31, 2019 was \$367,426.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the City had invested \$46.63 million (net of depreciation) in a broad range of capital assets, including police, fire, and public works equipment, buildings, park facilities and road, sewer and water system infrastructures. The following table represents capital assets at December 31, 2019, at cost less accumulated depreciation:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018 As Restated	2019	2018	2019	2018 As Restated
COST						
Land	\$ 1,887,765	\$ 1,865,765	\$ -	\$ -	\$ 1,887,765	\$ 1,865,765
Buildings	22,348,005	22,087,529	10,468,398	10,376,689	32,816,403	32,464,218
Equipment	5,506,438	5,100,782	441,835	405,305	5,948,273	5,506,087
Infrastructure	32,375,162	32,375,162	14,197,116	14,030,046	46,572,278	46,405,208
Improvements	-	-	18,307,443	18,307,443	18,307,443	18,307,443
Other	-	-	67,600	-	67,600	-
	<u>\$62,117,370</u>	<u>\$61,429,238</u>	<u>\$ 43,482,392</u>	<u>\$43,119,483</u>	<u>\$105,599,762</u>	<u>\$104,548,721</u>

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019
(UNAUDITED)

ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018		2018		2018	
	2019	As Restated	2019	2018	2019	As Restated
Buildings	\$ 12,528,546	\$ 11,974,911	\$ 8,570,662	\$ 8,449,976	\$ 21,099,208	\$ 20,424,887
Equipment	4,100,707	\$ 3,731,316	395,608	383,002	4,496,315	4,114,318
Infrastructure Improvements	15,334,519	\$ 14,404,541	10,886,105	10,615,033	26,220,624	25,019,574
	-	-	7,153,855	6,610,303	7,153,855	6,610,303
	<u>\$31,963,772</u>	<u>\$30,110,768</u>	<u>\$ 27,006,230</u>	<u>\$26,058,314</u>	<u>\$ 58,970,002</u>	<u>\$ 56,169,082</u>
Capital Assets, net	<u>\$30,153,598</u>	<u>\$31,318,470</u>	<u>\$ 16,476,162</u>	<u>\$17,061,169</u>	<u>\$ 46,629,760</u>	<u>\$ 48,379,639</u>

In *governmental activities* the City reported a \$1,164,872 decrease in net capital assets when compared to 2018. The decrease is due to depreciation expense during 2019 exceeding capital cost of projects and equipment costs. *Business-type activities* of the City reported a net decrease of \$585,007 in net capital assets compared to 2018, also as result of depreciation expense exceeding capital additions.

Long-Term Debt

At the end of the fiscal year 2019, the City had \$30,653,535 in outstanding long term debt and other long-term liabilities, including notes and bonds payable, net pension liability, claims payable and accrued vacation and sick leave for its governmental activities. The outstanding notes and bonds payable are backed by the full faith and credit of the City of Bogalusa.

The City had \$4,308,351 outstanding in revenue bonds, certificates of indebtedness, net pension liability, claims payable, and compensated absences payable, in its business-type activities. The revenue bonds are backed solely by the revenue streams dedicated to payment of those bonds.

The net pension liability decreased by \$1,146,409 bringing the total net pension liability to \$29,497,732 as a result of contributions to the four retirement systems in which the City participates. This liability remains the most significant obligation of the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While the economic outlook looks stable for the nation as a whole for 2019, older and rural communities such as the City of Bogalusa face enormous challenges due to an aging and declining population and a stagnant tax base. The 2020 Coronavirus Pandemic or COVID-19 and associated reduction in business activity caused by the shutdowns required to mitigate the virus spreading has resulted in uncertainty on revenue estimates.

In the midst of these challenges, the 2020 budget was prepared using reasonable for revenues and anticipated expenditures. Sales taxes, the City's main revenue source, are expected to decline. Expenditures are expected to decrease due to implementation of cost cutting measures in an attempt to improve the City's financial condition.

In February 2019, the Louisiana Fiscal Review Committee voted to place the City under fiscal administration in accordance with Louisiana Revised Statute 39:1351. In May 2019, the Court appointed the City's fiscal administrator who was recommended by the Louisiana Legislative Auditor and Attorney General. The objective of the fiscal administration process is to make operational changes so that long term fiscal stability can be achieved.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, grantors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions concerning this report or need additional financial information, contact Stacy Smith at the City of Bogalusa's Administrative offices, located in City Hall at 202 Arkansas Avenue, Bogalusa, LA 70427.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 4,467,990	\$ 123,272	\$ 4,591,262
Property taxes receivable	886,805	56,831	943,636
Accounts receivable (net)	855,913	647,954	1,503,867
Internal Balances	86,530	(86,530)	-
Inventory	9,901	-	9,901
Restricted assets:			
Cash and cash equivalents	-	396,154	396,154
Capital assets:			
Land and construction in progress	1,887,765	67,600	1,955,365
Depreciable capital assets, net	28,265,833	16,408,562	44,674,395
TOTAL ASSETS	36,460,737	17,613,843	54,074,580
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension contributions	1,056,671	44,576	1,101,247
Deferred amounts related to net pension liability	2,055,799	165,945	2,221,744
Deferred amounts related to post employment liability	84,659	-	84,659
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,197,129	210,521	3,407,650
LIABILITIES:			
Accounts payable	867,550	206,293	1,073,843
Accrued expenses	162,040	216,163	378,203
Other payables	381,340	-	381,340
Certificates of indebtedness	800,000	-	800,000
Long-term liabilities:			
Due within one year	202,935	197,000	399,935
Due beyond one year	2,230,214	2,393,482	4,623,696
Total other post-employment benefit (OPEB) liability			
Due within one year	17,900	-	17,900
Due beyond one year	422,623	-	422,623
Net pension liability	25,798,970	3,698,762	29,497,732
TOTAL LIABILITIES	30,883,572	6,711,700	37,595,272
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to net pension liability	3,175,920	497,931	3,673,851
Deferred amounts related to total OPEB liability	26,026	-	26,026
TOTAL DEFERRED INFLOWS OF RESOURCES	3,201,946	497,931	3,699,877
NET POSITION:			
Net investment in capital assets	29,515,663	13,997,162	43,512,825
Restricted for:			
Debt service	344,523	396,154	740,677
Industrial Complex	2,017,608	-	2,017,608
Capital projects	418,336	-	418,336
Maintenance	436,301	-	436,301
Special programs	518,874	-	518,874
Unrestricted	(27,678,957)	(3,778,583)	(31,457,540)
TOTAL NET POSITION	\$ 5,572,348	\$ 10,614,733	\$ 16,187,081

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Function/Programs	Primary Government					
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental:						
General government	\$ 2,814,878	\$ 479,476	\$ 19,933	\$ (2,315,469)	\$ -	\$ (2,315,469)
Public safety	6,583,392	283,008	653,377	(5,647,007)	-	(5,647,007)
Public works	2,765,799	-	-	(2,765,799)	-	(2,765,799)
Landfill	381,340	-	-	(381,340)	-	(381,340)
Culture and recreation	373,523	95,101	-	(278,422)	-	(278,422)
Economic development	629,539	330,173	2,875	(296,491)	-	(296,491)
Airport	528,803	3,143	34,915	(490,745)	-	(490,745)
Interest expense	30,172	-	-	(30,172)	-	(30,172)
Total governmental activities	<u>14,107,446</u>	<u>1,190,901</u>	<u>711,100</u>	<u>(12,205,445)</u>	<u>-</u>	<u>(12,205,445)</u>
Business-type:						
Enterprise - Utilities	3,657,980	4,070,366	25,626	-	438,012	438,012
Total business-type activities	<u>3,657,980</u>	<u>4,070,366</u>	<u>25,626</u>	<u>-</u>	<u>438,012</u>	<u>438,012</u>
Total primary government	<u>\$ 17,765,426</u>	<u>\$ 5,261,267</u>	<u>\$ 736,726</u>	<u>\$ (12,205,445)</u>	<u>\$ 438,012</u>	<u>\$ (11,767,433)</u>
General revenues:						
Property taxes				3,341,212	215,342	3,556,554
Sales taxes				6,910,906	943,480	7,854,386
Other taxes				22,249	-	22,249
Franchise fees				325,853	-	325,853
Interest income				5,612	20,262	25,874
Other				247,756	122,216	369,972
Gain (loss) on disposal of capital assets				2,200	-	2,200
Net loss on dissolution of joint venture				(136,487)	-	(136,487)
Transfers (net)				1,656,395	(1,656,395)	-
Total general revenues				<u>12,375,696</u>	<u>(355,095)</u>	<u>12,020,601</u>
Change in net position				170,251	82,917	253,168
Net position, December 31, 2018 (as restated)				<u>5,402,097</u>	<u>10,531,816</u>	<u>15,933,913</u>
Net position, December 31, 2019				<u>\$ 5,572,348</u>	<u>\$ 10,614,733</u>	<u>\$ 16,187,081</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF BOGALUSA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Industrial Complex Sales Tax - Special Revenue Fund</u>	<u>Other Non- Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,054,634	\$ 1,748,385	\$ 1,664,971	\$ 4,467,990
Investments in joint venture	-	-	-	-
Property taxes receivable	582,001	-	304,804	886,805
Accounts receivable	417,730	23,931	414,252	855,913
Due from other funds	254,529	247,231	652,326	1,154,086
Inventory of supplies	9,901	-	-	9,901
TOTAL ASSETS	2,318,795	2,019,547	3,036,353	7,374,695
DEFERRED OUTFLOWS OF RESOURCES				
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,318,795	\$ 2,019,547	\$ 3,036,353	\$ 7,374,695
LIABILITIES				
Accounts payable	\$ 510,188	\$ 1,939	\$ 355,423	\$ 867,550
Accrued expenses	138,140	-	16,751	154,891
Certificates of indebtedness	800,000	-	-	800,000
Due to other funds	449,186	-	618,370	1,067,556
Due to other governments	-	-	381,340	381,340
TOTAL LIABILITIES	1,897,514	1,939	1,371,884	3,271,337
DEFERRED INFLOWS OF RESOURCES				
Resources recovered prior to time requirement	53,855	-	27,993	81,848
FUND BALANCES				
Non-spendable:				
Inventory of supplies	9,901	-	-	9,901
Restricted for:				
Debt service	-	-	346,487	346,487
Capital projects	-	-	418,336	418,336
Maintenance	-	-	432,414	432,414
Special programs	66,028	2,017,608	439,239	2,522,875
Committed:				
Park	36,644	-	-	36,644
Police forfeitures	395	-	-	395
Unassigned	254,458	-	-	254,458
TOTAL FUND BALANCES (DEFICIT)	367,426	2,017,608	1,636,476	4,021,510
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 2,318,795	\$ 2,019,547	\$ 3,036,353	\$ 7,374,695

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Fund balances December 31, 2019 - governmental funds		\$ 4,021,510
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at December 31, 2019	62,117,370	
Less: accumulated depreciation as of December 31, 2019	<u>(31,963,772)</u>	30,153,598
Property tax revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures:		
		81,848
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - deferred pension contributions	1,056,671	
Deferred outflows of resources - related to other postemployment benefit liability	84,659	
Deferred outflows of resources - related to net pension liability	<u>2,055,799</u>	3,197,129
Deferred inflows of resources - related to net pension liability	(3,175,920)	
Deferred inflows of resources - related to other post-employment benefits	<u>(26,026)</u>	(3,201,946)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund liabilities:		
Bonds payable		(450,000)
Certificate of Indebtedness payable		(187,935)
Accrued interest payable		(7,149)
Intergovernmental agreement with Washington Parish		(336,744)
Net pension liability payable		(25,798,970)
Compensated absences		(914,561)
Total other post-employment benefits (OPEB) liability		(440,523)
Claims and judgments payable		<u>(543,909)</u>
Total net position at December 31, 2019 - governmental activities		<u>\$ 5,572,348</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Industrial Complex Sales Tax - Special Revenue Fund</u>	<u>Other Non- Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 2,202,348	\$ -	\$ 1,135,054	\$ 3,337,402
Sales taxes	3,134,121	303,603	3,473,182	6,910,906
Other taxes	22,249	-	-	22,249
Licenses and permits	408,690	-	-	408,690
Franchise fees	325,853	-	-	325,853
Intergovernmental	525,562	-	78,790	604,352
Charges for services	114,938	-	-	114,938
Fines	139,674	-	-	139,674
Interest	3,975	1,150	487	5,612
Rent	-	-	330,173	330,173
Miscellaneous	134,667	-	150,377	285,044
Total revenues	<u>7,012,077</u>	<u>304,753</u>	<u>5,168,063</u>	<u>12,484,893</u>
Expenditures:				
Current -				
General government	2,857,984	-	787,344	3,645,328
Public safety	5,399,056	-	879,612	6,278,668
Public works	1,635,598	-	560,766	2,196,364
Landfill	-	-	381,340	381,340
Culture and recreation	-	-	265,790	265,790
Economic development	-	185,395	67,576	252,971
Airport	132,340	-	686	133,026
Capital outlay	-	162,887	235,057	397,944
Intergovernmental	258,955	-	-	258,955
Debt Service -				
Capital lease payments	-	-	64,065	64,065
Bond principal	-	-	140,000	140,000
Bond interest	-	-	32,213	32,213
Cost of issuance	-	-	-	-
Total expenditures	<u>10,283,933</u>	<u>348,282</u>	<u>3,414,449</u>	<u>14,046,664</u>
Excess (deficiency) of revenues over expenditures	(3,271,856)	(43,529)	1,753,614	(1,561,771)
Other financing sources (uses):				
Proceeds from disposal of capital assets	2,200	-	-	2,200
Net gain on joint venture dissolution	-	-	464,998	464,998
Proceeds from issuance of long-term debt	-	-	-	-
Transfers to other funds	(97,020)	(25,000)	(1,466,418)	(1,588,438)
Transfers from other funds	3,078,745	-	166,088	3,244,833
Total other financing sources (uses)	<u>2,983,925</u>	<u>(25,000)</u>	<u>(835,332)</u>	<u>2,123,593</u>
Net change in fund balance	(287,931)	(68,529)	918,282	561,822
Fund balance (deficit), beginning	<u>655,357</u>	<u>2,086,137</u>	<u>718,194</u>	<u>3,459,688</u>
Fund balance (deficit), ending	<u>\$ 367,426</u>	<u>\$ 2,017,608</u>	<u>\$ 1,636,476</u>	<u>\$ 4,021,510</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - governmental funds \$ 561,822

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay and other capitalized purchases, adjustments and reclassifications	688,132	
Depreciation expense, including adjustments and reclassifications	<u>(1,853,004)</u>	(1,164,872)

Change in deferral of revenues due to collection beyond 60 days		3,810
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Loss on dissolution of landfill joint venture not reported at fund level		(264,741)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond and certificate of indebtedness principal payments		204,065
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Other changes in long-term obligations:

Accrued interest payable	2,041	
Intergovernmental agreement with Washington Parish	(336,744)	
Change in net pension liability GASB 68 and related deferrals	1,288,295	
Compensated absences	(102,907)	
Change in total other post-employment benefit liability and related deferrals	(7,342)	
Claims and judgments payable	<u>(13,176)</u>	<u>830,167</u>

Change in net position of governmental activities		<u>\$ 170,251</u>
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The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
DECEMBER 31, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 123,272
Property taxes receivable	56,831
Accounts receivable (net)	647,954
Due from other funds	68,988
Total current assets	<u>897,045</u>
Restricted assets	
Cash and cash equivalents	396,154
Total restricted assets	<u>396,154</u>
Capital assets	
Construction in progress	67,600
Capital assets, cost	43,414,792
Less: accumulated depreciation	(27,006,230)
Total capital assets	<u>16,476,162</u>
TOTAL ASSETS	<u>17,769,361</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension contributions	44,576
Deferred amounts related to net pension liability	165,945
	<u>210,521</u>

LIABILITIES

Current liabilities:	
Accounts payable	206,293
Accrued interest expense	24,377
Accrued expenses	191,786
Other payables	-
Due to other funds	155,518
Long-term debt, current	197,000
Total current liabilities	<u>774,974</u>
Long-term liabilities:	
Compensated absences	111,482
Net pension liability	3,698,762
Bonds payable	2,282,000
Total long-term liabilities	<u>6,092,244</u>
TOTAL LIABILITIES	<u>6,867,218</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability	497,931
	<u>497,931</u>

NET POSITION

Net investment in capital assets	13,997,162
Restricted for debt service	396,154
Unrestricted	(3,778,583)
TOTAL NET POSITION	<u>\$ 10,614,733</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES:

Charges for service -	
Water, sewer and garbage fees	\$ 4,070,366
Miscellaneous service revenues	122,216
Total operating revenues	<u>4,192,582</u>

OPERATING EXPENSES:

Salaries and wages	968,794
Employee benefits	323,877
Change in net pension liability	(305,297)
Utilities	257,833
Contractual services	695,580
Supplies and materials	306,988
Repairs	300,624
Gas and oil	24,006
Depreciation	947,916
Insurance and other	45,610
Total operating expenses	<u>3,565,931</u>

INCOME FROM OPERATIONS 626,651

NON-OPERATING REVENUES (EXPENSES):

Advalorem taxes	215,342
Sales taxes	943,480
Intergovernmental	25,626
Interest income	20,262
Interest expense	(92,049)
Total nonoperating revenues (expenses)	<u>1,112,661</u>

Net income before transfers 1,739,312

Transfers to other funds	(1,677,890)
Transfers from other funds	21,495

Total transfers (1,656,395)

CHANGE IN NET POSITION 82,917

NET POSITION:

Balance, beginning of year	<u>10,531,816</u>
Balance, end of year	<u>\$ 10,614,733</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 4,215,433
Cash paid to suppliers	(1,614,769)
Cash paid to employees	(1,210,271)
Net cash provided by operating activities	1,390,393

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Advalorem taxes	209,053
Sales taxes	968,839
Due to other funds (net change in)	(92,135)
Transfers from other funds	21,495
Transfers to other funds	(1,677,890)
Net cash used in non-capital financing activities	(570,638)

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Intergovernmental grants (capital)	66,206
Principal payments on debt	(501,000)
Interest paid on debt	(95,990)
Acquisition of capital assets	(362,909)
Net cash used in capital financing activities	(893,693)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	20,262
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Net change in cash and cash equivalents	(53,676)
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Cash and cash equivalents at beginning of year	573,102
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Cash and cash equivalents at end of year	\$ 519,426
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Reconciliation to the Statement of Net Position:

Cash and cash equivalents - current	\$ 123,272
Cash and cash equivalents - restricted	396,154

	\$ 519,426
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(continued)

The accompanying notes are an integral part of these statements.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Page 2 of 2

Reconciliation of net income to net cash provided by operating activities:

Income from operations	\$	626,651
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense		947,916
Bad debt expense		76,917
Change in assets, deferred outflows, liabilities and deferred inflows:		
Receivables		(50,366)
Deferred outflows related to pensions		(173,586)
Accounts payable		15,872
Accrued expenses		(3,700)
Other payables		-
Compensated absences		18,232
Net pension liability		(305,297)
Deferred inflows related to pensions		221,211
Accrued salaries		16,543
Net cash provided by operating activities	\$	<u>1,390,393</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF PLAN NET POSITION
CITY OF BOGALUSA EMPLOYEES' RETIREMENT SYSTEM
FIDUCIARY FUND
JUNE 30, 2019

<u>ASSETS</u>		
Cash and cash equivalents		\$ 265,435
Receivables:		
Member contributions	9,852	
Employer contributions	121,095	
Accrued interest	14,923	
Miscellaneous receivable	<u>8,850</u>	
		154,720
Investments at fair market value:		
Fixed income assets	1,646,507	
Value equity assets	1,132,011	
Growth equity assets	<u>1,094,901</u>	
Total investments		<u>3,873,419</u>
TOTAL ASSETS		<u>4,293,574</u>
 <u>LIABILITIES</u>		 <u>34</u>
 <u>NET POSITION OF PENSION PLAN ASSETS</u>		 <u><u>\$ 4,293,540</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF BOGALUSA EMPLOYEES' RETIREMENT SYSTEM
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

ADDITIONS

Contributions:	
Members	\$ 128,401
Employer	736,243
Total contributions	<u>864,644</u>
Investment income:	
Net increase in fair value of investments	162,845
Interest and dividends	96,633
	<u>259,478</u>
Less: investment fee expense	<u>(24,606)</u>
Net investment income	<u>234,872</u>
Total additions	<u>1,099,516</u>

DEDUCTIONS

Benefits	966,384
DROP withdrawals	32,216
Refunds of contributions	52,710
Administrative expenses	550
Other	641
Total deductions	<u>1,052,501</u>

INCREASE IN NET POSITION 47,015

NET POSITION OF PENSION PLAN ASSETS:

Beginning of the year	<u>4,246,525</u>
End of the year	<u>\$ 4,293,540</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE PRIMARY GOVERNMENT
FINANCIAL STATEMENTS**

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

INTRODUCTION

The City of Bogalusa, Louisiana (the City) was incorporated July 4, 1914, and is governed by the provisions of a home rule charter adopted October 22, 1977. The City operates under a "mayor-council" form of government which consists of an elected council representing the legislative branch of the government and an elected mayor heading the executive branch.

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) organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 61 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. This includes the following criteria:

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

The City has chosen to issue financial statements of the primary government and only one component unit.

Component Unit Included

City of Bogalusa Employees' Retirement System (COBERS) – COBERS is a legally separate organization, but is fiscally dependent upon the City. It meets the definition of a component unit, and is blended into the basic financial statements as a Fiduciary Type Fund.

Component Units Omitted

City Court of Bogalusa (the Court) -The City Court of Bogalusa is a court of limited jurisdiction and serves Ward 4 of Washington Parish, Louisiana. Although the City Court Judge is an independently elected official, the Court is considered a component unit of the City because of fiscal dependence. The City provides the courtroom and office space for the Court. The City also pays salaries and retirement for the Court's administrative staff.

Constable of City Court of Bogalusa (the Constable) - The office of the Constable of City Court of Bogalusa was created by special legislative act R.S. 13:1952(5). The Constable is an elected official, and is responsible for executing the orders and mandates of the City Court of Bogalusa. The Constable is also fiscally dependent on the City and considered a component unit.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

INTRODUCTION (continued)

Christmas in the Park Commission (the Commission) – The Commission was created on November 1, 1995 by Ordinance No. 1588. The Commission is governed by an eleven-member board appointed by the Mayor, with approval of the City Council. The Commission advises the Mayor and the City Council, stimulates public interest and accepts donations to enhance holiday lighting and activities.

Bogalusa Community Arena Commission (the Commission) – The Bogalusa Community Arena Commission is governed by an eleven-member board appointed by the Mayor with approval of the Council. The Commission was established by Ordinance No. 1607 dated June 21, 1995 and amended on December 20, 1995 by Ordinance No. 1623.

Bogalusa Parks and Recreation Commission (the Commission) – The Bogalusa Parks and Recreation Commission is governed by a seventeen-member board appointed by the Mayor with the approval of the Council. The Commission was established by Ordinance No. 824 dated March 6, 1973.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Constable of City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Ms. Stacy Smith
Director of Administration
City of Bogalusa, Louisiana
Post Office Box 1179
Bogalusa, LA 70429

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations and (b) joint ventures, as follows:

Related Organizations

Housing Authority of Bogalusa - The Mayor, with confirmation of the City Council, appoints all five Commissioners of the Housing Authority of Bogalusa. However, no further contact or influence exists.

Washington Economic Development Foundation, Inc. - The Mayor appoints one member and the City Council appoints two members of the thirty-member Board of Directors of Washington Economic Development Foundation, Inc., which is a non-profit corporation exempt from federal income tax under Internal Revenue Code Section 501 (c)(3).

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Bogalusa have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private Sector Standards of Accounting issued on or prior to November 30, 1989 generally are followed in both the government wide financial statements and the proprietary fund type financial statements. The City has applied GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which eliminates the option for business-type activities to follow new FASB pronouncements, although they may continue to be applied as "other accounting literature."

A. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

B. Fund Financial Statements

Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories. Major funds are presented alone in a separate column, while non-major funds are summarized into a single column in the basic financial statements.

The daily accounts and operations of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund, both major and non-major, are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped into generic fund types and broad fund categories as presented below, along with identification of major funds.

Governmental activities presented as governmental funds in the fund financial statements:

General Fund – The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. Fund Financial Statements (continued)

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The special revenue fund reported as a major fund in the fund financial statements is as follows:

The Industrial Complex Sales Tax Fund accounts for the ¼-cent sales tax dedicated to improvement maintenance of the City's Industrial Park.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. There are no major debt service funds.

Capital Projects Fund – Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). There are no major capital projects funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing or/and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary fund:

The Utilities Fund accounts for all financial resources of water system, sewer system, and garbage collection.

Additionally, the City reports the City of Bogalusa Employees' Retirement System (COBERS) as a fiduciary fund since the City acts in a fiduciary capacity for the benefit of the employees. Assets held in this fund are segregated from the City's general operating assets and are not subject to the claims of general creditors.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

COBERS is a single-employer pension plan that covers most permanent City employees except policemen and firemen. The COBERS's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The governmental fund financial statements are reported using the current financial resources measurement focus 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 City considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period, while intergovernmental (grant) revenues are considered available if received within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the City's investment policy allow the City to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The City has no investments.

The City of Bogalusa Employees Retirement System's (COBERS) cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the COBERS investment policy allow the COBERS to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds investing in debt and equity securities, as well as direct equity investments all within limitations for each type of investment.

E. Activity Between Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

F. Summary of Authorized Ad Valorem and Sales Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Washington Parish. When the City receives the tax roll, a receivable is set up and revenue is recognized based on the assessed values to the extent available.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Summary of Authorized Ad Valorem and Sales Taxes (continued)

Sales taxes are recognized as revenue in the month of the underlying sale transaction. The Washington Parish Sheriff is authorized to collect and remit this tax to the City.

The following is a summary of authorized and levied ad valorem taxes.

Fund Type	Purpose	Authoriz ed Mills	Levied Mills	Expiration Date
General	General purpose	10.91	10.91	Indefinite
General	Maintenance, equipment, operations and salaries of municipal employees	3.62	3.62	2027
General	Fire department maintenance	2.71	2.71	2027
General	Maintenance and operation of municipal services	2.73	2.73	2019 ¹
General	Retirement for police department, fire department, and general city employees	7.84	7.84	2019 ¹
General	City of Bogalusa Employees' Retirement System	2.75	2.75	2025
Debt Service	Street Improvement Bonds	2.75	2.75	Indefinite
Special Revenue	Parks and Recreation Facilities	2.01	2.01	2019 ¹
Special Revenue	Municipal Buildings	2.01	2.01	2019 ¹
Special Revenue	Landfill	5.03	5.03	2021
Enterprise	Sewer and water works	2.71	2.71	2027
	Total	45.07	45.07	

¹ Tax was renewed in an election held on October 12, 2019 for 10 years and expiration extended to 2029.

The following is a summary of authorized sales taxes.

Fund Type	Purpose	Percent	Expiration Date
Special Revenue	Street and drainage maintenance	0.25	05/31/27
Special Revenue	Capital improvements	0.15	05/31/27
Enterprise	Water and sewer maintenance	0.15	05/31/27
General	General operations	0.45	05/31/27
Special Revenue	Industrial complex maintenance ¹	0.25	Indefinite
Special Revenue	Employee salaries and benefits	0.50	Indefinite
Special Revenue	Jail operations	0.33	Indefinite
General	General operations ²	1.00	Indefinite
Enterprise	Wastewater system improvement	0.25	02/01/23
	Total	3.33	

¹ Beginning on January 1, 2019, 50% of the .25 cent tax is dedicated to paying retirement and benefits of the City of Bogalusa Employees' Retirement System. On July 11, 2020 an election was held that dedicated the remaining 50% of the .25 cent tax to the City of Bogalusa Employees' Retirement System.

² Beginning on January 1, 2019 through 2039, 12.5% of this 1 cent tax is dedicated to paying retirement and pension benefits of the City of Bogalusa Employees' Retirement System

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories and Prepaid Expenses

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain funds of governmental activities, capital lease proceeds, and enterprise fund revenue bonds, as well as certain resources set aside for bond repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, sewer infrastructure, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	20-40 years
Buildings and building improvements	25-40 years
Furniture and fixtures	5-10 years
Vehicles	5 years
Equipment	5-10 years

J. Compensated Absences

Vacation and sick leave in each department is governed by a different union contract and in the case of fire and police, civil service and other state laws.

Public Works Department and Finance Department/General Government:

Vacation time is required to be taken in the year it is earned, except with permission from the appropriate department head. The union contract calls for payment for unused vacation at the end of the year. The City's practice is to pay an employee for up to 90 days at separation. The City allows an employee to bank more vacation time than he/she will be paid for in the event he/she needs to use it for an emergency.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

J. Compensated Absences (continued)

Sick leave is earned at a rate of 2 days a month, is cumulative up to 260 days and is kept on the books until an employee separates. An employee can be paid for up to 20 days of sick leave at separation.

Comp time or bank time is earned at 1.5 times the hours actually worked at an overtime rate. The City's practice is to pay an employee for up to 90 days at separation. The City allows an employee to bank more vacation time than he/she will be paid for in the event he needs to use it for an emergency.

Fire Department and Police Department:

Vacation time is required to be taken in the year it is earned, except with permission from the appropriate chief. The City's practice is to pay an employee for up to 90 days at separation, yet the city allows an employee to bank more vacation in the event he or she needs to use it for an emergency.

Comp time or bank time is earned at 1.5 times the hours actually worked at an overtime rate. Currently, bank time is unlimited.

GASB Statement No. 16 *Accounting for Compensated Absences* requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The City has recorded the following liabilities as of December 31, 2019 for certain salary-related benefits associated with the payment of compensated absences:

1. Accrued and unused vacation for each employee valued at the employees' current rate of pay.
2. Accrued and unused sick leave up to the maximum to be paid upon termination.
3. A total of 100% of the compensatory leave for each employee valued at the employees' current rate of pay.

In the government-wide financial statements and the propriety fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No.6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at December 31, 2019, in the governmental fund financial statements. The liquidation of the compensated absence liabilities will be paid proportional to funds in which the compensation was paid.

K. Fund Balance

The City reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides definitions of fund balance categories that are designed to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance (continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority by a vote of the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the City’s management;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which other fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

L. Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectable balances. The more significant accounts receivable is recorded for amounts due from other governments in the governmental activities and funds, and for customers’ accounts in the business-type activities and the utility fund. Customer Utility accounts are estimated to be uncollectable upon coming sixty days past due. Amounts due from governments are estimated to be uncollectable based upon the facts and circumstances of the grant agreement or funding source.

M. Deferred Outflows and Inflows

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position.

N. Net Position

The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Position (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

N. Estimates

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

O. Current Year Restatement of Net Position

The City received a donated building in 2011 and obtained an appraisal for the building during 2019. The City recorded the appraised value net of accumulated depreciation as an adjustment to net position as follows:

	Governmental Activities
Total Net Position, December 31, 2018 as previously reported	\$ 4,838,222
Record the value of donated building as of December 31, 2018	694,000
Record accumulated depreciation as of December 31, 2018	(130,125)
Net effect	563,875
Total Net Position, December 31, 2018, Restated	\$ 5,402,097

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

- a. The Mayor submits to the council a proposed operating budget at least forty-five days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and total anticipated revenues.
- b. At the meeting of the council at which the operating budget is submitted, the council orders a public hearing on it.
- c. At least ten days prior to the date of such hearing, the council publishes in the official journal a general summary of the proposed budget.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally enacted through passage of an ordinance, no later than the twenty-seventh day of the last month of the calendar year.
- e. Budgetary amendments involving the transfer of funds from one department, office, or agency to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the adoption of an ordinance by the Council.
- f. Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended.
- g. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended from time to time by the City Council.

3. DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS

A. City of Bogalusa

At December 31, 2019, the City had cash (book balances) totaling \$4,987,416 consisting primarily of demand deposit accounts at local banks. These deposits were stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned. Under the state law, all deposits are required to be secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City of Bogalusa's name. At December 31, 2019, the City's bank balances amounted to \$5,412,452. Of the bank balances, \$250,000 was covered by federal depository insurance and \$5,162,452 was protected against custodial credit risk by collateral held by the pledging banks' trust department or agent in the City's name at December 31, 2019.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS)

Cash and Cash Equivalents:

At June 30, 2019, cash and cash equivalents consisted of \$92,473 invested in short-term money market mutual funds and \$172,962 in a commercial checking account. The commercial checking account is insured by the Federal Deposit Insurance Corporation up to \$250,000, while the money market funds are not subject to custodial credit risk.

Investments:

In accordance with LRS 11:263, the System is authorized to invest under the Prudent-Person Rule. The Prudent-Person Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Person Rule, the System's investment policy allows for fifty percent of the total portfolio to be invested in equity securities and fifty percent to be invested in fixed income securities consisting of U.S. Government and U.S. corporation bonds and notes. Rebalancing occurs when the investment weight of the categories varies by five percent or more.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy states that no more than 5 percent of the total stock portfolio value at market may be invested in the common stock of an organization.

In addition, with respect to fixed income securities, exposure to any economic sector shall not exceed greater of 30% of the portfolio at market value and investments in one issuer shall not exceed 5% of the fixed income portfolio's market value unless otherwise authorized by the Board. Investments in Federal Home Loan Bank, two U.S. Treasury Notes, one Federal Home Loan Mortgage Corporation and one municipal bond represent a concentration greater than 5.5% of total investments as of June 30, 2019. The issuer's percentages of total fixed income were 6.2%, 16.3%, 6.4%, and 6.4%, respectively at December 31, 2019.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

Credit Risk:

Credit risk is defined as the risk that an issuer or other counter party to an investment will not fulfill its obligations. The following are credit risk ratings of the System's investments in long-term debt securities as of June 30, 2019.

Below is a schedule of debt securities owned with their applicable ratings:

Rating	Corporate Bonds	Federal Home Loan Bank	Federal Home Loan Mortgage Corp.	Federal National Mortgage Association	Government National Mortgage Association	Municipal Obligations	U.S. Treasury Notes	Total
A1	\$ 59,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,823
A2	-	-	-	-	-	152,688	-	152,688
Aa1	53,603	-	-	-	-	-	-	53,603
Aa2	125,537	-	-	-	-	-	-	125,537
Aa3	-	-	-	-	-	80,266	-	80,266
Aaa	-	102,904	-	-	-	180,784	-	283,688
AGY	-	-	108,797	170,681	12,630	-	-	292,108
Baa1	64,379	-	-	-	-	-	-	64,379
TSY	-	-	-	-	-	-	534,415	534,415
	<u>\$ 303,342</u>	<u>\$ 102,904</u>	<u>\$ 108,797</u>	<u>\$ 170,681</u>	<u>\$ 12,630</u>	<u>\$ 413,738</u>	<u>\$ 534,415</u>	<u>\$1,646,507</u>

The System's investment policy limits its investments to corporate debt issues rated equivalent of B or better by Standard & Poor's or B2 by Moody's Investor Services. If securities fall to a CCC rating, they are to be eliminated in a timely manner.

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk:

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are uninsured, or are not registered in the name of the Retirement System, and are held by either the counterparty or the counterparty's trust department or agent, but not in the System's name. The System was not exposed to custodial credit risk as of June 30, 2019. However, the System does not have a policy regarding custodial credit risk.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates in the general market will adversely affect the fair value of an investment. The holding period of an investment security can be an indicator of interest rate risk exposure. As of June 30, 2019, the System had the following investments in long-term debt securities and maturities:

	<u>Fair Value</u>	<u>Matured</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
Corporate Bonds	\$ 303,342	\$ -	\$ -	\$ 126,638	\$ 52,502
Federal National Mortgage Association	170,681	-	-	-	-
Government National Mortgage Association	12,630	-	-	477	428
Federal Home Loan Bank	102,904	-	-	102,904	-
Federal Home Loan Mortgage Corp.	108,797	-	-	108,797	-
Municipal Obligations	413,738	-	-	413,738	-
U.S Treasury Notes	534,415	-	-	178,265	267,864
	<u>\$1,646,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 930,819</u>	<u>\$ 320,794</u>

The System has no formal policy regarding interest rate risk.

The System may invest in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The holding periods for the collateralized mortgage obligations above are based on maturity dates of the securities.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are for significant other observable inputs; Level 3 inputs are significant unobservable inputs. A summary of the COBERS's investments along with the fair value hierarchy levels of each type of investment are as follows:

	<u>6/30/2019</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Fixed Income Assets			
Corporate Bonds	\$ 303,342	\$ -	\$ 303,342
Federal National Mortgage Association	170,681	-	170,681
Government National Mortgage Association	12,630	-	12,630
Federal Home Loan Bank	102,904	102,906	-
Federal Home Loan Mortgage Corp.	108,797	-	108,797
Municipal Obligations	413,738	-	413,738
U.S Treasury Notes	534,415	534,415	-
Total Fixed Income Assets	<u>1,646,507</u>	<u>637,321</u>	<u>1,009,188</u>
Equity Investments			
Value Equity	1,132,011	1,132,011	-
Growth Equity	1,094,901	1,094,901	-
Total Equity Investments	<u>2,226,912</u>	<u>2,226,912</u>	<u>-</u>
Total Investments at Fair Value Level	<u>\$ 3,873,419</u>	<u>\$ 2,864,233</u>	<u>\$ 1,009,188</u>

Level 2 inputs are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted prices.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends, period aging and prior write-offs of similar accounts receivable, receivables balances, and sales and franchise tax collections.

Accounts receivable at December 31, 2019 were as follows:

<u>Governmental Activities:</u>	<u>Sales Taxes</u>	<u>Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 251,125	\$ -	\$ 166,605	\$ 417,730
Industrial Complex Sales Tax	23,931	-	-	23,931
Non-Major Governmental Funds	283,322	124,446	6,484	414,252
Total	<u>\$ 558,378</u>	<u>\$ 124,446</u>	<u>\$ 173,089</u>	<u>\$ 855,913</u>
		<u>Customer</u>		
		<u>Utility</u>		
<u>Business-type Activities:</u>	<u>Sales Taxes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
Operating Fund	\$ 75,730	\$ 2,026,877	\$ 43,196	\$ 2,145,803
Allowance for Uncollectible Accounts	-	(1,497,849)	-	(1,497,849)
Total	<u>\$ 75,730</u>	<u>\$ 529,028</u>	<u>\$ 43,196</u>	<u>\$ 647,954</u>

5. CASH RESTRICTED UNDER DEBT AGREEMENTS

At December 31, 2019, the City held restricted cash required by bond covenants pertaining to the \$2,670,000 Revenue Refunding Bonds 2012, \$1,000,000 Water Revenue Bonds 2009A and \$3,000,000 Water Revenue Bonds 2009B as follows:

Wastewater Improvement Sales Tax	\$ 40,722
Water Revenue Bond Reserve Account	147,577
Water Revenue Bond Sinking Account	107,321
Water Revenue Bond Contingency Account	<u>100,534</u>
Total business-type activities restricted cash	<u>\$ 396,154</u>

The City is required by its Loan and Pledge Agreement with the Louisiana Department of Health and Hospitals pursuant to the issuance of the 2009A and B bonds (see note 13) to make monthly deposits into its water revenue bond and sinking fund cash accounts. Additionally, the Water Revenue Bond Reserve Account and the Water Revenue Contingency Accounts are required to maintain minimum balances. As of December 31, 2019 the City fully funded the Water Revenue Bond Sinking Account and maintained the required minimum balance.

On July 31, 2012, the City issued Revenue Refunding Bonds, Series 2012, in the amount of \$2,670,000. The City is required to make monthly deposits into its sinking fund cash account. As of December 31, 2019, the City created a sinking fund cash account and therefore, made the monthly required deposits. The principal owed on this bond was paid off as of December 31, 2019 so the reserve account was closed.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

6. CAPITAL ASSETS

A. Governmental Activities

The following is a summary of the changes in capital assets for the year ended December 31, 2019:

	Balance 12/31/2018 (As Restated)	Additions	Deletions	Balance 12/31/2019
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 1,865,765	\$ 22,000	\$ -	\$ 1,887,765
	<u>1,865,765</u>	<u>22,000</u>	<u>-</u>	<u>1,887,765</u>
<u>Being depreciated</u>				
Buildings	22,087,529	260,476	-	22,348,005
Infrastructure	32,375,162	-	-	32,375,162
Furniture and equipment	5,100,782	405,656	-	5,506,438
	<u>59,563,473</u>	<u>666,132</u>	<u>-</u>	<u>60,229,605</u>
<u>Less: accumulated depreciation</u>				
Buildings	(11,974,911)	(553,635)	-	(12,528,546)
Infrastructure	(14,404,541)	(929,978)	-	(15,334,519)
Furniture and equipment	(3,731,316)	(369,391)	-	(4,100,707)
	<u>(30,110,768)</u>	<u>(1,853,004)</u>	<u>-</u>	<u>(31,963,772)</u>
Net capital assets being depreciated	29,452,705	(1,186,872)	-	28,265,833
Total capital assets, net	<u>\$ 31,318,470</u>	<u>\$ (1,164,872)</u>	<u>\$ -</u>	<u>\$ 30,153,598</u>

Depreciation expense for the year ended December 31, 2019 was charged to the following governmental functions:

General government	\$ 112,234
Public safety	201,255
Public works	646,559
Culture and recreation	108,991
Economic Development	376,568
Airport	407,397
	<u>\$ 1,853,004</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

7. **CAPITAL ASSETS** (continued)

B. Business-type Activities

The following is a summary of the changes in capital assets for the year ended December 31, 2019:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<u>Cost</u>				
<u>Not being depreciated</u>				
Construction in progress	\$ -	\$ 67,600	\$ -	\$ 67,600
	-	67,600	-	67,600
<u>Being depreciated</u>				
Water and sewer plant	\$ 10,376,689	\$ 91,709	\$ -	\$ 10,468,398
Sewer treatment plant	2,824,687	16,085	-	2,840,772
Water well	1,686,604	-	-	1,686,604
Collection system	2,744,249	-	-	2,744,249
Sewer pumping system	1,653,696	150,985	-	1,804,681
Water line	5,120,810	-	-	5,120,810
Equipment and vehicles	405,305	36,530	-	441,835
Sewer treatment improvements	13,419,285	-	-	13,419,285
Water meter	4,888,158	-	-	4,888,158
	43,119,483	295,309	-	43,414,792
<u>Less: accumulated depreciation</u>				
Water and sewer plant	(8,449,976)	(120,686)	-	(8,570,662)
Sewer treatment plant	(2,689,387)	(26,742)	-	(2,716,129)
Water well	(996,165)	(60,235)	-	(1,056,400)
Collection system	(2,744,249)	-	-	(2,744,249)
Sewer pumping system	(1,458,745)	(53,346)	-	(1,512,091)
Water line	(2,726,487)	(130,749)	-	(2,857,236)
Equipment and vehicles	(383,002)	(12,606)	-	(395,608)
Sewer treatment improvements	(5,168,737)	(348,024)	-	(5,516,761)
Water meter	(1,441,566)	(195,528)	-	(1,637,094)
	(26,058,314)	(947,916)	-	(27,006,230)
Net capital assets being depreciated	17,061,169	(652,607)	-	16,408,562
Total capital assets, net	\$ 17,061,169	\$ (585,007)	\$ -	\$ 16,476,162

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

8. INTERFUND BALANCES

From time to time, cash may be borrowed between funds or costs may be fronted by one fund for another fund resulting in interfund balances. The amounts are not expected to be repaid within one year as they depend on the timing of receipts in other funds. The following interfund balances exist at December 31, 2019.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 254,529	\$ 449,186
Industrial Complex Sales Tax Fund	247,231	-
Nonmajor governmental funds	652,326	618,370
<u>Proprietary Funds:</u>		
Utility System	68,988	155,518
	<u>\$ 1,223,074</u>	<u>\$ 1,223,074</u>

9. INTERFUND TRANSFERS

Transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during 2019 occurred as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 3,078,745	\$ 97,020
Industrial Complex Sales Tax Fund	-	25,000
Nonmajor governmental funds	166,088	1,466,418
<u>Proprietary Funds:</u>		
Utility System	21,495	1,677,890
	<u>\$ 3,266,328</u>	<u>\$ 3,266,328</u>

10. ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana sends a check monthly for approximately \$500 directly to each individual fireman and policeman that is qualified and has been employed by the City for at least one year. Policemen received a total of \$212,616, and the firemen received \$172,500 in 2019. The total payments of \$385,116 have been included in the fund financial statements in intergovernmental revenue and public safety expenditures.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

11. SHORT-TERM DEBT

The City borrows money during the year to finance expenditures for general operations that are budgeted evenly throughout the year, which are expected to be paid from ad valorem tax revenues collected at year-end.

Short-term debt activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Funds Borrowed	Repayments	Ending Balance
Certificates of Indebtedness	\$ 950,000	\$ 800,000	\$ (950,000)	\$ 800,000

The borrowings for 2019 were advanced to the City through a series of certificates of indebtedness bearing interest at 2.77%.

12. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS

a. Activities

Long-term liability activity of governmental activities for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 590,000	\$ -	\$ (140,000)	\$ 450,000	\$ 145,000
Certificates of indebtedness	252,000	-	(64,065)	187,935	57,935
Compensated Absences	811,654	102,907	-	914,561	-
Claims and Judgments	135,733	13,176	-	148,909	-
Pollution Remediation Obligations	395,000	-	-	395,000	-
Washington Parish - Intergovernmental Agreement	-	336,744	-	336,744	-
	<u>\$ 2,184,387</u>	<u>\$ 452,827</u>	<u>\$ (204,065)</u>	<u>\$ 2,433,149</u>	<u>\$ 202,935</u>

b. Bonds Payable

On December 4, 2017, the City issued Certificate of Indebtedness, Series 2017, in the amount of \$312,000 for the purpose of financing the purchase of a new firetruck. The Certificates principal payments are due on October 1st of each year beginning 2018 through 2022. Interest on the Certificates is 3.22% and is payable semiannually in April and October.

Bonds and certificates of indebtedness payable were as follows at December 31, 2019:

	Date of Issuance	Original Balance	Ending Balance
General Obligation 2007, 4.125 – 6.0%	10/1/2007	\$ 1,750,000	\$ 450,000
Certificates of indebtedness 2017, 3.22%	12/4/2017	312,000	187,935
			<u>\$ 637,935</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

12. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS (continued)

b. Annual debt service requirements of bonds and notes payable

The annual requirements to service all debts outstanding are as follows for the next five years and for five year increments thereafter:

	Bonds Payable		Certificates of Indebtedness		Principal Total
	Principal	Interest	Principal	Interest	
2020	\$ 145,000	\$ 17,217	\$ 57,935	\$ 6,051	\$ 202,935
2021	150,000	10,543	64,000	4,186	214,000
2022	155,000	3,565	66,000	2,125	221,000
	<u>\$ 450,000</u>	<u>\$ 31,325</u>	<u>\$ 187,935</u>	<u>\$ 12,362</u>	<u>\$ 637,935</u>

c. Washington Parish Intergovernmental Agreement

As of December 31, 2019, the City and the Washington Parish Government (the Parish) entered into an intergovernmental agreement (IA) to dissolve the Choctaw Landfill Joint Venture (the landfill). The CLJV was formed in a 1985, the City and the Washington Parish Council entered into a verbal agreement and in 1998 formalized in writing for the construction and operation in a joint venture named Choctaw Road Landfill with the City's equity of 41.9% and the Parish's equity of 58.1%. The City's funding of the landfill was through a 5-mill ad-valorem tax that has been insufficient to support the City's portion of the landfill operational costs and capital expenditures. The continued operation of the landfill with the City's 5-mill funding source was fiscally detrimental. The City and the Parish entered into the IA where the City agreed to a long term liability of \$336,744 due to the Parish expected to be repaid over three years with the full amount due as of December 31, 2023. In exchange, effective January 1, 2020, the City agreed to a 10-year contract to continue to use the landfill for its waste at an agreed upon price of \$37.50 per ton adjusted annually by the consumer price index. The City agreed to repay the debt to the Parish by transferring the difference between the 5-mill ad-valorem tax revenue and the per ton disposal fee. As of December 31, 2019 the balance due to parish was \$336,744.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

13. BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS

a. Activity

Long-term debt activity of business-type activities for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 2,980,000	\$ -	\$ (501,000)	\$2,479,000	\$ 197,000
Compensated Absences	93,250	18,232	-	111,482	-
	<u>\$ 3,073,250</u>	<u>\$ 18,232</u>	<u>\$ (501,000)</u>	<u>\$2,590,482</u>	<u>\$ 197,000</u>

b. Bonds Payable

The City entered into a series of agreements with the Louisiana Department of Health and Hospitals (the Department) as part of the Build America Bonds Program whereby the Department has committed to loan the City up to \$5,000,000 to fund construction of a water meter system (project). The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the City will be evidenced through the Series 2009A and 2009B bonds in the amounts of \$1,000,000 and \$3,000,000, respectively, and these bonds will mature in 20 principal installments, payable annually on each September 1 beginning in 2011. Each annual installment due is based upon a pre-determined percentage of the ultimate amount of the borrowing that is not forgivable (see forgiveness provisions in the following paragraph). Interest on the bonds is incurred at the rate of 2.95% and payment thereof began March 1, 2010 and continues to occur semi-annually thereafter.

The 2009A series bonds were funded with amounts provided under the American Recovery and Reinvestment Act (ARRA). One half of the 2009A bond funds advanced to the City is forgivable as a debt upon advancement. The City received no advances of 2009A bond funds during 2017 as the bonds were fully funded during 2012.

The City is required to create reserve accounts and maintain minimum balances within that account and to make monthly deposits into a sinking fund. As of December 31, 2019, the City fully funded the Water Revenue Bond Sinking Account and maintained the required minimum balance.

Bonds outstanding were as follows at December 31, 2019:

	Date of Issuance	Original Balance	Ending Balance
Water Revenue Bonds, Series 2009A, 2.95%	Various	\$ 1,000,000	\$ 653,000
Water Revenue Bonds, Series 2009B, 2.95%	Various	3,000,000	1,826,000
		<u>\$ 4,000,000</u>	<u>\$ 2,479,000</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

13. BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS (continued)

c. Annual debt service requirements

A schedule of annual debt service requirements for the bonds for each of the next five years and for five-year increments thereafter is as follows:

	Bonds Payable		
	Principal	Interest	Total
2020	\$ 197,000	\$ 73,131	\$ 270,131
2021	202,000	67,319	269,319
2022	207,000	61,360	268,360
2023	213,000	55,253	268,253
2024	219,000	48,971	267,971
2025-2029	1,185,000	144,522	1,329,522
2030	256,000	3,776	259,776
	\$ 2,479,000	\$ 454,332	\$ 2,933,332

14. LEGAL DEBT MARGIN

Computation of the legal debt margin for general obligation bonds payable from ad-valorem tax is as follows. The City is within its allowed legal debt limitation.

<u>Ad-valorem taxes:</u>	
Assessed valuation, 2019 tax rolls	<u>\$ 78,538,570</u>
Debt limit: 35% of assessed valuation	<u>\$ 27,488,500</u>
General obligation bonds outstanding at December 31, 2019, secured by ad-valorem tax	<u>\$ 450,000</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS

The City of Bogalusa (the City) participates in the City of Bogalusa Employees' Retirement System (COBERS) which is a single employer pension plan that is administered by a Board of Trustees as established by the City of Bogalusa's Home Rule Charter. The City is also a participating employer in three State-wide cost-sharing multiple employer defined benefit pension plans that include the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the State-wide plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the State-wide Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS:	MPERS:	FRS
7937 Office Park Boulevard	7722 Office Park Boulevard, Suite 200.	3100 Brentwood Drive
Baton Rouge, Louisiana 70809	Baton Rouge, LA 70809	Baton Rouge, Louisiana 70809
(225) 925-4810	(225) 929-7411	(225) 925-4060
www.mersla.com	www.lampers.org	www.lafirefightersret.com

The financial statements of the City of Bogalusa Employees' Retirement System (COBERS) are included in this report.

In accordance with Government Accounting Standards Board (GASB) Statement 68 the City is required to record its Net Pension Liability in COBERS and the proportional share of each of the other pension plans Net Pension Liability and report the following disclosures:

Plan Descriptions:

a. City of Bogalusa Employees' Retirement System

Plan administration. The City of Bogalusa Employees' Retirement System (COBERS) administers the City of Bogalusa Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time general and public safety employees of the City. The City's Home Rule Charter grants the authority to establish and amend the benefit terms to the COBERS Board of Trustees (COBERS Board).

Management of the plan is vested in the COBERS Board, which consists of nine members-five elected by plan members.

Membership: Participation is mandatory for virtually all full-time non-fire and non-police employees who are employed on a permanent basis, and are under the age of 60 years on the date of employment.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

a. City of Bogalusa Employees' Retirement System (continued)

The membership of the plan at June 30, 2019 is as follows:

Retirees & beneficiaries receiving benefits	85
Active plan members	<u>49</u>
Total	<u>134</u>

Description of Benefits: Members become benefit eligible at age 60 with 10 years of service or age 50 with 25 years of service. The normal benefit is equal to two and two-thirds percent of average salary for each year of total service and any fractional part of a year of service. The minimum amount of benefit is 25% of average salary, while maximum benefit is 66 2/3% of average salary. Under the joint and survivor option, 75% of benefits are paid and continue to the surviving spouse until death or remarriage. Cost-of-living adjustments (COLA) are provided with approval of the City Council.

An active member may participate in the Deferred Retirement Option Plan when he becomes eligible to retire. Participation in the plan can be for no more than 36 months. The regular monthly retirement benefit (calculated at the time of participation in the program) is deposited in a separate account for the participant. Upon termination of employment, the accumulated balance in the account is paid to the participant in a lump sum amount or any other method of payment approved by the board of trustees. Payment of the regular monthly retirement benefit also commences at the termination of employment.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

a. City of Bogalusa Employees' Retirement System (continued)

Annual Pension Expense and Net Pension Liability: The City's Net Pension Liability to the COBERS, calculated in accordance with GASB 67, for the year ended June 30, 2019 measurement date is as follows:

Total pension liability:	
Service Cost	\$ 510,150
Interest	813,074
Difference between expected and actual experience	1,382,875
Changes in assumptions	(3,303,869)
Benefit payments	<u>(1,051,310)</u>
Net change in total pension liability	(1,649,080)
Total pension liability - beginning	<u>26,491,298</u>
Total pension liability - ending	<u>\$ 24,842,218</u>
Plan fiduciary net position:	
Contributions employer	\$ 736,243
Contributions employee	128,401
Net investment income	234,872
Benefit payments, refunds and expenses	(1,051,310)
Other	<u>(1,191)</u>
Change in plan fiduciary net position	47,015
Plan fiduciary net position - beginning	<u>4,246,525</u>
Plan fiduciary net position - ending	<u>\$ 4,293,540</u>
Net pension liability - beginning	\$ 22,244,773
Change in net pension liability	<u>(1,696,095)</u>
Net pension liability - ending	<u>\$ 20,548,678</u>
Plan fiduciary net position as a percentage of the total pension liability	17.28%

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

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2019, there were 84 contributing municipalities in Plan A and 68 in Plan B. The City of Bogalusa is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only and only for Plan A.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

b. Municipal Employees' Retirement System of Louisiana (MERS) (continued)

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 member of Plan A who was hired before January 1, 2013 can retire providing the member 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.

Eligibility for Retirement for Plan A Tier 2 members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more 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).

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average 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. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings.

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.

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, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

b. Municipal Employees' Retirement System of Louisiana (MERS) (continued)

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 the 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.

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.

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.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

c. Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, 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 within Act 189 of 1973 and amended by LRS 11:2211 - 11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only.

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 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 deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

c. Municipal Police Employees' Retirement System (MPERS) (continued)

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

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

d. Firefighters' Retirement System (FRS)

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement, disability, and death benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (R.S.) 11:2251 - 11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only.

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 BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

d. Firefighters' Retirement System (FRS) (continued)

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.

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 RS. 11 :2256(A) for additional details on retirement benefits.

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 defined 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 the DROP account.

Funding Policy – All Pension Plans

The funding policy for the City of Bogalusa Employees' Retirement System (COBERS) is actuarially determined and adopted by Board of Trustees as established by the City of Bogalusa's Home Rule Charter. The City also collects an ad valorem tax of 2.75 mills that is contributed to COBERS that is in addition to the City's contribution based on a covered payroll percentage. On the statewide multiple employer cost sharing pension plans, Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

Funding Policy – All Pension Plans (continued)

Contributions to the plans are required and determined by COBERS or by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019, for the City and covered employees were as follows:

	<u>City</u>	<u>Employees</u>
City of Bogalusa Employees' Retirement System ¹	11.00%	6.00%
Municipal Employees' Retirement System Plan A	27.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	32.50%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	32.50%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	34.25%	7.50%
Firefighters' Retirement System		
Employees receiving compensation above poverty		
guidelines of US Department of Health	27.75%	10.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	29.75%	8.00%

¹ Percentage does not include City contribution of property taxes dedicated to the Retirement System

The contributions made to the Systems for the past three years ending on December 31, were as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City of Bogalusa Employees' Retirement System ¹	\$ 1,023,182	\$ 441,186	\$ 413,333
Municipal Employees' Retirement System Plan A	20,467	18,972	17,411
Municipal Police Employees' Retirement System	606,288	594,793	552,717
Firefighters' Retirement System	335,756	328,753	340,232

¹ Amount includes the City's accrual of property and sales taxes dedicated to the Retirement System

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

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the COBERS plan and the cost sharing multiple-employer pension plans based on the June 30, 2019 measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2019 rate. The City's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

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

	Net Pension Liability at June 30, 2019	Proportionate Rate at June 30, 2019	Increase (Decrease) on June 30, 2018 Rate
City of Bogalusa Employees' Retirement System	\$ 20,548,678	Not Applicable	Not Applicable
Multiple Employer Cost Sharing Plans:			
Municipal Employees' Retirement System Plan A	\$ 170,408	0.4078%	0.0002%
Municipal Police Employees' Retirement System	5,538,314	0.6098%	-0.0023%
Firefighters' Retirement System	3,240,332	0.5175%	-0.0139%
Total - Multiple Employer Cost Sharing Plans:	8,949,054		
	\$ 29,497,732		

The following schedule lists each pension plan's recognized pension expense of the City for the year ended December 31, 2019:

	Total
City of Bogalusa Employees' Retirement System	\$ (652,812)
Municipal Employees' Retirement System Plan A	34,058
Municipal Police Employees' Retirement System	779,304
Firefighters' Retirement System	546,062
	\$ 706,612

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 933,538	\$ (665,676)
Changes of assumptions	609,454	(2,202,815)
Net difference between projected and actual earnings on pension plan investments	594,617	(306,318)
Changes in proportion and differences between Employer contributions and proportionate share of contributions (cost sharing plans only)	84,135	(499,042)
Employer contributions subsequent to the measurement date	1,101,247	-
Total	\$ 3,322,991	\$ (3,673,851)

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

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

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City of Bogalusa Employees' Retirement System	\$ 1,539,180	\$ (2,766,288)
Municipal Employees' Retirement System Plan A	32,403	(5,472)
Municipal Police Employees' Retirement System	995,751	(241,665)
Firefighters' Retirement System	755,657	(660,426)
	<u>\$ 3,322,991</u>	<u>\$ (3,673,851)</u>

The following table lists the City's contributions to each retirement system that is reported as deferred outflow of resources related to pension made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2020. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
City of Bogalusa Employees' Retirement System	\$ 617,263
Municipal Employees' Retirement System Plan A	10,631
Municipal Police Employees' Retirement System	303,224
Firefighters' Retirement System	170,129
	<u>\$ 1,101,247</u>

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

Year	COBERS	MERS	MPERS	FRSL	Total
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-
2020	(983,937)	8,610	245,016	34,934	(695,377)
2021	(751,068)	4,113	(13,980)	(114,896)	(875,831)
2022	(62,390)	2,158	129,996	5,943	75,707
2023	(46,976)	1,419	89,830	36,044	80,317
2024		-	-	(37,042)	(37,042)
2025		-	-	119	119
	-	-	-	-	-
	<u>\$ (1,844,371)</u>	<u>\$ 16,300</u>	<u>\$ 450,862</u>	<u>\$ (74,898)</u>	<u>\$ (1,452,107)</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

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

Payables to the Pension Plan

The City recorded accrued liabilities to each of the Retirement Systems for the year ended December 31, 2019 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at December 31, 2019 is as follows:

	<u>December 31, 2019</u>
COBERS	\$ 303,424
MERS	-
MPERS	-
FRSL	-
	<u>\$ 303,424</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2019 are as follows:

	COBERS	MERS	MPERS	FRSL														
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019														
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost														
Actuarial Assumptions:																		
Expected Remaining																		
Service Lives	3 years	3 years	4 years	7 years														
Investment Rate of Return	6.50% per annum for investments with a blended discount rate of 4.06% - 3.71% increased from	7.125% net of investment expenses (decreased from prior year 7.275%)	7.125% net of investment expenses (decreased from prior year of 7.20%)	7.15% net of fees (decrease from prior year of 7.30%)														
Inflation Rate	3.500%	2.500%	2.500%	2.500% per annum														
Mortality	For pre-retirement and post-retirement mortality, the rates of the 2019 Applicable Mortality Table (Optional Combined Table for Small Plans) were used. This table is a recent study of group annuitant mortality and should be representative of the pension plan's experience.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubNS-2010(B) Disables Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	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.	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 setback three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.														
Salary Increases	It has been assumed that employees' compensation will increase with each year of employment with annual salary increases average 4.5% per year of employment and with aggregate payroll increases on the average 2.5% per year.			Vary from 14.75% in the first two years of service to 4.50% after 25 years; includes inflation and merit increases														
		<table border="1"> <thead> <tr> <th>Years of Service</th> <th>Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td>1 - 4</td> <td>6.40%</td> </tr> <tr> <td>4 & Over</td> <td>4.50%</td> </tr> </tbody> </table>	Years of Service	Salary Growth Rate	1 - 4	6.40%	4 & Over	4.50%	<table border="1"> <thead> <tr> <th>Years of Service</th> <th>Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td>1 - 2</td> <td>9.75%</td> </tr> <tr> <td>3 - 23</td> <td>4.75%</td> </tr> <tr> <td>23 & Over</td> <td>4.25%</td> </tr> </tbody> </table>	Years of Service	Salary Growth Rate	1 - 2	9.75%	3 - 23	4.75%	23 & Over	4.25%	
Years of Service	Salary Growth Rate																	
1 - 4	6.40%																	
4 & Over	4.50%																	
Years of Service	Salary Growth Rate																	
1 - 2	9.75%																	
3 - 23	4.75%																	
23 & Over	4.25%																	
Cost of Living Adjustments	A cost-of-living benefit of 2% of the base benefit may be paid to all retirees and beneficiaries who are age 65 or more. If given, such raises are to be funded from deemed "excess" investment earnings over 6.50%. The raises must be approved by the City Council and are allowed on July 1, 1982 and every subsequent July 1.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.														

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

COBERS	MERS	MPERS	FRSL
The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each asset allocation. These rates 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. The average invested assets in each asset allocation for the current fiscal year is presented in the chart below. The discount rate was calculated at 4.06%	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 and an adjustment for the effect of balancing or diversification.	The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 7.89% for the year ended June 30, 2019.	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 long term expected nominal rate of return was 7.94% as of June 30, 2019. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2019.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2019:

Asset Class	Target Allocation				Long-Term Expected Real Rate of Return			
	COBERS	MERS	MPERS	FRSL	COBERS	MERS	MPERS	FRSL
Public equity	-	50.00%	-	-	-	2.15%	-	-
Equity	-	-	48.50%	49.00%	-	-	3.28%	20.09%
Public fixed income	-	35.00%	-	-	-	1.51%	-	-
Fixed Income	36.00%	-	33.50%	31.00%	1.950%	-	0.80%	2.17%
Alternatives	-	15.00%	18.00%	10.00%	-	0.64%	1.06%	14.66%
Value	22.00%	-	-	-	5.600%	-	-	-
Growth	28.00%	-	-	-	6.210%	-	-	-
International equity	10.00%	-	-	-	7.650%	-	-	-
International fixed income	4.00%	-	-	-	3.800%	-	-	-
Other	-	-	0.00%	10.00%	-	-	0.00%	9.04%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	-	4.30%	5.14%	-
Inflation						<u>2.70%</u>	<u>2.75%</u>	
Expected Arithmetic Nominal Return						<u>7.00%</u>	<u>7.89%</u>	

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

15. PENSION PLANS (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for COBERS, MERS, MPERS and FRS was 3.071%, 7.00%, 7.125% and 7.150%, respectively for the year ended June 30, 2019.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
COBERS			
Rates	3.060%	4.060%	5.060%
City of Bogalusa Share of NPL	\$ 23,818,507	\$ 20,548,678	\$ 17,880,188
MERS			
Rates	6.000%	7.000%	8.000%
City of Bogalusa Share of NPL	\$ 222,179	\$ 170,408	\$ 126,633
MPERS			
Rates	6.125%	7.125%	8.125%
City of Bogalusa of NPL	\$ 7,716,696	\$ 5,538,314	\$ 3,710,869
FRSL			
Rates	6.150%	7.15%	8.150%
City of Bogalusa Share of NPL	\$ 4,692,220	\$ 3,240,332	\$ 2,021,728

16. RISK MANAGEMENT

Litigation and General Liability

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City attempts to minimize risk from significant losses by participating in a public entity risk pool. According to the participation contract, the City transfers all risk to the public entity risk pool. The City is only responsible for the payment of premiums and deductibles on claims; the public entity risk pool is responsible for the payment of claims excluding the deductible.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

16. RISK MANAGEMENT (continued)

Litigation and General Liability (continued)

On December 31, 2019, the City was a defendant in a number of lawsuits and other claims arising from the normal course of operations; most of which were being defended through the City's participation on the public entity risk pool. However, some of the claims were not covered through the risk pool and were thus handled through other hired counsel. The City Attorney has advised that his position on the suits covered under insurance is that they should be defended and/or settled within the policy limits. The lawsuits and claims not covered by insurance are also being vigorously defended. The ultimate disposition of all of these matters is unknown as of the date of issuance of these financial statements; however, certain of these matters could materially affect the City's financial condition if rulings are made in favor of the plaintiff or if the City chooses to settle these matters.

Worker's Compensation

In prior years, the City had a self-insured retention (deductible) of \$175,000 for worker's compensation. In 2009, the city purchased a full coverage worker's compensation insurance policy. No deductible is required; therefore, no reserve liability exists for claims incurred from 2009 forward. However, a liability is recorded in the Governmental Activities long-term debt for the City's retained risk pertaining to claims incurred prior to 2009 that remain open as of December 31, 2019 in the amount of \$148,909.

Past Due Amounts

The City was in arrears to the public entity risk pool in which it participates for premiums due and amounts owed for past self-insured worker's compensation claims. The total amount owed to the risk pool entity was approximately \$304,000 at December 31, 2019. These amounts owed are included in accounts payable of the General Fund.

17. GRANTS FROM OTHER GOVERNMENTAL UNITS

Federal and state governmental units provide an important source of supplementary funding used to finance employment, construction programs, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded throughout all of the City's fund types. A grant receivable is recorded when the City has a right to reimbursement under the related grant, which is generally at the time an eligible expenditure has been incurred.

Most grants received by the City specify the purpose for which the grant monies are to be used and are subject to audit by the granting agency or, in the case of federal grants, the Single Audit Act. These audits may result in disallowed cost on previously received reimbursements requiring the City to return the funds to the grantor. Any potential return of funds is accounted for in accordance with FASB Statement No 5, Accounting for Contingencies, as made applicable under GASB Statement 62.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

17. GRANTS FROM OTHER GOVERNMENTAL UNITS (continued)

Grants and contribution revenues are to be categorized between operating and capital. The following categorization supports the grants and contribution revenues reported in the Statement of Activities:

<u>Function/Program</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
<u>Governmental Activities:</u>			
General government	\$ 19,933	\$ -	\$ 19,933
Public safety	653,377	-	653,377
Public works	-	-	-
Economic Development	2,875	-	2,875
Culture and recreation	-	-	-
Airport	-	34,915	34,915
	<u>676,185</u>	<u>34,915</u>	<u>711,100</u>
<u>Business-type Activities:</u>			
Utilities	-	25,626	25,626
	<u>\$ 676,185</u>	<u>\$ 60,541</u>	<u>\$ 736,726</u>

18. LEASES OF CITY PROPERTY

The City of Bogalusa has operating leases for various buildings, land and improvements. The lease's terms range from five years to fifteen years. Operating lease income for December 31, 2019 was \$330,173. The following is a schedule of future minimum lease commitments:

<u>Year</u>	<u>Amount</u>
2020	\$ 307,246
2021	228,306
2022	151,560
2023	131,560
2024	36,300
	<u>\$ 854,972</u>

19. COMPENSATION PAID TO CITY COUNCIL

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Judson Teddy Drummond	City Council - At Large	\$ 7,777
Penny Douglas	City Council - At Large	\$ 6,923
Doug (Frank) Ritchie	City Council - At Large	277
Gloria Kates	City Council - District A	7,223
Danielle Magee-Keys	City Council - District B	\$ 6,923
Tamira Smith	City Council - District B	277
Oneita Graham	City Council - District C	\$ 6,923
Brian McCree	City Council - District C	277
Dorman K Kellis	City Council - District D	\$ 6,923
Scott Ard	City Council - District D	277
Marcus Irvine	City Council - District E	\$ 6,923
Sherry Fortenberry	City Council - District E	277
		<u>\$ 51,000</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

20. OPERATING ENVIRONMENT AND FINANCIAL DEFICIENCIES

In February 2019, the Louisiana Fiscal Review Committee voted to place the City under fiscal administration in accordance with Louisiana Revised Statute 39:1351. The Louisiana Fiscal Review Committee is composed of the Louisiana Legislative Auditor, the Attorney General, and the Treasurer. The decision to place the City under Fiscal Administration was due to the City's continued struggling financial situation particularly with the funding of the City of Bogalusa's Employees Retirement System and the ability to repay the liability due to the Choctaw Landfill Joint Venture. In May 2019, the Court appointed the City's fiscal administrator who was recommended by the Louisiana Legislative Auditor and Attorney General. The fiscal administrator will have broad authority over the City's finances and will investigate the financial situation of the City and report recommendations for changes to the Court, State Treasurer, Attorney General and the Legislative Auditor. The objective of the fiscal administration process is to make operational changes so that long term fiscal stability can be achieved. As described in Note 12c, as of December 31, 2019, the City entered into an intergovernmental agreement with Washington Parish to dissolve the Choctaw Landfill Joint Venture and the liability owed by the City was restructured.

21. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Bogalusa (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Bogalusa's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided

Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer for the insurance amount of \$2,500. Insurance coverage while active is continued after retirement.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

Employees covered by benefit terms

The December 31, 2019 total OPEB liability was determined using the December 31, 2018 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	107
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	149
	256

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

21. OTHER POST-EMPLOYMENT BENEFITS (continued)

Total OPEB Liability

The City's total OPEB liability of \$344,804 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and other inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	4.10% annually (Beginning of Year to Determine ADC)
	2.74%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Mortality Table Report without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2019.

Changes in the Total OPEB Liability

Balance at December 31, 2018	\$ 344,804
Changes for the year:	
Service cost	2,670
Interest	14,192
Differences between expected and actual experience	38,380
Changes in assumptions	58,373
-Benefit Payments and Net Transfers	(17,896)
Net changes	95,719
Balance at December 31, 2019	\$ 440,523

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

21. OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	1.0% Decrease (1.74%)	Current Discount Rate (2.74%)	1.0% Increase (3.74%)
Total OPEB liability	\$ 501,168	\$ 440,523	\$ 391,029

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 426,006	\$ 440,523	\$ 457,354

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$25,238. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,583	\$ (5,691)
Changes in assumptions	51,076	(20,335)
Total	\$ 84,659	(26,026)

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

Years ending December 31:	
2020	8,376
2021	8,376
2022	8,376
2023	8,376
2024	8,376
Thereafter	16,753

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

22. TAX ABATEMENTS

The City of Bogalusa is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the City of Bogalusa has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending December 31, 2019, the City of Bogalusa only participated in the Industrial Tax Exemption Program.

Under the ITEP, as authorized by Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

Taxes abated for the fiscal year ended December 31, 2019 were as follows:

<u>Tax Abatement/Refund Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Industrial tax Exemption Program	\$ 1,402,456

The following schedule identifies the abated taxes by fund:

<u>Governmental Funds:</u>	
General Fund	\$ 865,372
Non-major governmental funds	452,756
 <u>Proprietary Funds:</u>	
Utility System	84,328
	\$ 1,402,456

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

23. CONTINGENCIES AND COMMITMENTS

In 2013, the City entered into an agreement with the Louisiana Department of Environmental Quality for asbestos remediation for past, present and future demolitions of condemned/adjudicated properties in possession of the City. The City has committed to and has begun remediation of 140 demolitions from the past that were identified by the DEQ upon inspection. The City has completed remediation on a total of 38 properties through 12/31/2019 leaving a balance of 102 to complete. None of the properties were completed during 12/31/2019. In accordance with Governmental Accounting Standards Board Statement No 49, *Accounting and financial reporting for Pollution Remediation Liabilities*, an estimated liability of \$395,000 is recorded as payable for the past demolitions, for which remediation activities have already begun. Future demolitions are not estimable at this time.

24. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

The Governmental Accounting Standards Board (GASB) issued Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. Statement 95 changed the effective dates for accounting pronouncements scheduled to be implemented by the City. Following are recently issued pronouncements with the updated effective dates as changed by GASB 95 that may have to be reported in the City's financial statements in subsequent years:

GASB Statement 83, *Certain Asset Retirement Obligations (ARO)*: This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2019. The City will include the requirements of this standard, as applicable, in its December 31, 2020 financial statement. The effect of this standard or its applicability to the City are unknown at this time.

GASB Statement 84, *Fiduciary Activities*: This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the City controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2019. The City will include the requirements of this standard, as applicable, in its December 31, 2020 financial statement. The effect of this standard or its applicability to the City are unknown at this time.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2019

24. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED (continued)

GASB Statement 87, Leases: This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The City will include the requirements of this standard, as applicable, in its December 31, 2022 financial statement. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

GASB Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements: This standard will require additional disclosures related to debt including segregating direct borrowing and direct placement debt from other debt. Note disclosures will include unused lines of credit, assets pledged as collateral for debt and certain terms specified in the debt agreements including events of default, termination events and subjective acceleration clauses. The standard is effective for annual reporting periods beginning after June 15, 2019. The City will include the requirements of this standard, as applicable, in its December 31, 2020 financial statement. All of the City's debt agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

25. SUBSEQUENT EVENT

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the City, vendors and employees, all of which are uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may directly or indirectly impact the City's financial condition or results of operations cannot be reasonably estimated at this time. On August 11, 2020, the City received \$1,455,402 from the Coronavirus Relief Fund to reimburse costs incurred due to the public health emergency with respect to COVID-19 allowable under section 5001 of the CARES Act and relevant guidance from the US Department of the Treasury and the State of Louisiana Division of Administration.

On July 11, 2020, an election was held to rededicate the existing one quarter of one percent sales tax originally approved on November 17, 2007 to provide support for the City's industrial park. The proposition was successful in rededicating this sales tax to now support the City of Bogalusa Employees Retirement System for payments towards the unfunded accrued liability as actuarial determined.

Required Supplemental
Information (Part II)

CITY OF BOGALUSA, LOUISIANA

**SCHEDULE OF CHANGES IN TOTAL OTHER
POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2019**

Financial statement reporting date	12/31/2019	12/31/2018
Measurement date	12/31/2019	12/31/2018
Service cost	\$ 2,670	\$ 3,251
Interest	14,192	12,599
Difference between actual and expected experience	38,380	(7,319)
Change in assumptions	58,373	(26,143)
Benefit payments	<u>(17,896)</u>	<u>(2,199)</u>
Net change in total OPEB liability	<u>95,719</u>	<u>(19,811)</u>
Total OPEB liability - beginning	<u>344,804</u>	<u>364,615</u>
Total OPEB liability - ending	<u>\$ 440,523</u>	<u>\$ 344,804</u>
Covered employee payroll	\$ 4,814,155	\$ 4,673,937
Total OPEB liability as a percentage of covered employee payroll	9.15%	7.38%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

CITY OF BOGALUSA, LOUISIANA
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended December 31, 2019 (*)

Year	Pension Plan	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	MERS (Plan A)	0.0408%	\$ 170,408	\$ 75,493	225.7269%	64.6752%
2018	MERS (Plan A)	0.0404%	167,859	74,013	226.7966%	63.9406%
2017	MERS (Plan A)	0.0415%	173,533	74,246	233.7271%	62.4940%
2016	MERS (Plan A)	0.0386%	158,091	48,131	328.4598%	62.1103%
2015	MERS (Plan A)	0.0334%	119,146	56,906	209.3734%	66.1790%
2014	MERS (Plan A)	0.0324%	83,125	62,719	132.5356%	73.9900%
2019	MPERS	0.6098%	5,538,314	1,900,055	291.4818%	71.0078%
2018	MPERS	0.6121%	5,175,137	1,807,951	286.2432%	71.8871%
2017	MPERS	0.6094%	5,320,084	1,803,009	295.0670%	70.0815%
2016	MPERS	0.6381%	5,980,832	1,786,352	334.8070%	66.0422%
2015	MPERS	0.7028%	5,505,641	1,727,198	318.7614%	70.7300%
2014	MPERS	0.7744%	4,844,528	1,863,353	259.9898%	75.1010%
2019	FRSL	0.5174%	3,240,332	1,249,036	259.4266%	73.9643%
2018	FRSL	0.5314%	3,056,372	1,270,215	240.6185%	74.7634%
2017	FRSL	0.5820%	3,336,005	1,368,523	243.7668%	73.5479%
2016	FRSL	0.5631%	3,682,876	1,269,799	290.0361%	68.1550%
2015	FRSL	0.6181%	3,335,696	1,212,206	275.1757%	72.4480%
2014	FRSL	0.6475%	2,881,461	1,412,941	203.9336%	76.0150%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(*) The amounts presented have a measurement date of June 30th for the year identified.

The three Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

CITY OF BOGALUSA, LOUISIANA
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended December 31, 2019

Year	Pension Plan:	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
2019	MERS (Plan A)	\$ 20,467	\$ 20,467	\$ -	\$ 76,141	26.8804%
2018	MERS (Plan A)	18,972	18,972	-	74,751	25.3803%
2017	MERS (Plan A)	17,411	17,411	-	73,285	23.7579%
2016	MERS (Plan A)	15,118	15,118	-	70,791	21.3558%
2015	MERS (Plan A)	8,845	8,845	-	44,786	19.7495%
2014	MERS (Plan A)	12,175	12,175	-	63,235	19.2536%
2019	MPERS	606,288	606,288	-	1,872,730	32.3746%
2018	MPERS	594,793	594,793	-	1,887,441	31.5132%
2017	MPERS	552,717	552,717	-	1,766,587	31.2873%
2016	MPERS	543,670	543,670	-	1,762,885	30.8398%
2015	MPERS	530,514	530,514	-	1,742,235	30.4502%
2014	MPERS	583,058	583,058	-	1,866,063	31.2454%
2019	FRSL	335,756	335,756	-	1,238,086	27.1190%
2018	FRSL	328,753	328,753	-	1,240,579	26.5000%
2017	FRSL	340,232	340,232	-	1,315,095	25.8713%
2016	FRSL	342,473	342,473	-	1,308,677	26.1694%
2015	FRSL	345,454	345,454	-	1,226,730	28.1606%
2014	FRSL	373,519	373,519	-	1,299,057	28.7531%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered payroll amount for the year ended December 31 of each year

The three Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

CITY OF BOGALUSA, LOUISIANA
Note to the Required Supplemental Information
December 31, 2019
(UNAUDITED)

a. Changes in benefit terms and assumptions related to total other post-employment benefit liability

Changes of Benefit Terms

There were no changes to the benefit terms that affected the total OPEB liability

Changes of Assumptions

Discount rate assumption

Measurement Date	Rate	Change
12/31/2019	2.74%	(1.36%)
12/31/2018	4.10%	0.66%
12/31/2017	3.44%	

b. Changes in benefit terms and assumptions related to multiple employer cost sharing pension plans

Changes of Benefit Terms include:

Municipal Employees' Retirement System (MERS)

- No Changes

Municipal Police Employees' Retirement System (MPERS)

- No Changes

Firefighters' Retirement System Louisiana (FRSL)

- No Changes

Changes of Assumptions

The following Discount rate changes were made to the pension plans identified in the following table:

Changes in Discount Rate:		
Year (*)	Rate	Change
MERS		
2019	7.125%	-0.150%
2018	7.275%	-0.125%
2017	7.400%	-0.100%
2016	7.500%	0.000%
2015	7.500%	-0.250%
2014	7.750%	
MPERS		
2019	7.125%	-0.075%
2018	7.200%	-0.125%
2017	7.325%	-0.175%
2016	7.500%	0.000%
2015	7.500%	0.000%
2014	7.500%	
FRSL		
2019	7.150%	-0.150%
2018	7.300%	-0.100%
2017	7.400%	-0.100%
2016	7.500%	

See accompanying independent auditor's report

CITY OF BOGALUSA, LOUISIANA
Schedule of Changes in Net Pension Liability and Related Ratios
City of Bogalusa Employees' Retirement System only
For the Year Ended June 30, 2019

	2019	2018	2017	2016	2015
Total pension liability:					
Service Cost	\$ 510,150	\$ 577,141	\$ 640,501	\$ 450,028	\$ 573,567
Interest	813,074	812,035	825,027	510,581	802,188
Difference between expected and actual experience	1,382,875	(762,795)	(2,493,396)	4,249,842	(472,600)
Changes in assumptions	(3,303,869)	-	-	-	-
Benefit payments	(1,051,310)	(1,133,375)	(1,128,999)	(1,152,324)	(1,050,370)
Net change in total pension liability	(1,649,080)	(506,994)	(2,156,867)	4,058,127	(147,215)
Total pension liability - beginning	26,491,298	26,998,292	29,155,159	25,097,032	25,244,247
Total pension liability - ending	<u>\$ 24,842,218</u>	<u>\$ 26,491,298</u>	<u>\$ 26,998,292</u>	<u>\$ 29,155,159</u>	<u>\$ 25,097,032</u>
Plan fiduciary net position:					
Contributions employer	\$ 736,243	\$ 421,769	\$ 397,604	\$ 371,358	\$ 348,426
Contributions employee	128,401	122,155	109,830	98,567	97,978
Net investment income (loss)	234,872	200,457	359,096	(14,146)	248,314
Benefit payments, refunds and expenses	(1,051,310)	(1,133,375)	(1,128,999)	(1,152,324)	(1,050,859)
Other	(1,191)	(1,416)	(1,702)	(2,338)	-
Change in plan fiduciary net position	47,015	(390,410)	(264,171)	(698,883)	(356,141)
Plan fiduciary net position - beginning	4,246,525	4,636,935	4,901,106	5,599,989	5,956,130
Plan fiduciary net position - ending	<u>\$ 4,293,540</u>	<u>\$ 4,246,525</u>	<u>\$ 4,636,935</u>	<u>\$ 4,901,106</u>	<u>\$ 5,599,989</u>
Net pension liability - beginning	\$ 22,244,773	\$ 22,361,357	\$ 24,254,053	\$ 19,497,043	\$ 19,497,043
Change in net pension liability	(1,696,095)	(116,584)	(1,892,696)	4,757,010	208,926
Net pension liability - ending	<u>\$ 20,548,678</u>	<u>\$ 22,244,773</u>	<u>\$ 22,361,357</u>	<u>\$ 24,254,053</u>	<u>\$ 19,705,969</u>
Plan fiduciary net position as a percentage of the total pension liability	17.28%	16.03%	17.17%	16.81%	22.31%

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

CITY OF BOGALUSA, LOUISIANA
Schedule of Single Employer Plan Contributions
City of Bogalusa Employees' Retirement System only
For the Year Ended June 30, 2019

	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,114,238	\$ 1,160,114	\$ 1,126,471	\$ 1,100,137
Contributions in relation to the actuarially determined contribution	864,644	543,924	507,434	469,925
Contribution deficiency (excess)	249,594	616,190	619,037	630,212
Covered payroll	\$ 2,137,612	\$ 2,023,237	\$ 1,856,076	\$ 1,642,781
Actuarially determined contributions as a percentage of covered payroll	52.13%	57.34%	60.69%	66.97%
Actual contributions in relation to actuarially determined contributions as a percentage of covered payroll	40.45%	26.88%	27.34%	28.61%
Contribution deficiency (excess) as a percentage of covered payroll	11.68%	30.46%	33.35%	38.36%

Notes to schedule:

Actuarial cost method	Entry age normal cost
Amortization method	Level dollar payment
Remaining amortization period	30 years - Unfunded Accrued Liability (UAL) as of 6/30/2013 15 years - Changes in UAL after 6/30/2013
Asset valuation method	Market
Discount rate	4.06% - 2019, 3.071% - 2018, 2.878% - 2017; 2.093% - 2016; 3.208% 2015 and 2014
Inflation	3.50%
Salary increases	4.5% average per year of employment and increase 2.5% per year of aggregate payroll
Investment rate of return	6.50%
Retirement age	It has been assumed that retirements will not occur at any one age, but that the plan will experience retirements at different rates from age 50 through age 69. It is assumed that everyone will retire by the age of 69.
Mortality	For pre-retirement and post-retirement mortality, the rates of the 2018 Applicable Mortality Table (Optional Combined Table for Small Plans) were used. This table is a recent study of group annuitant mortality and should be representative of the pension plan's experience.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF BOGALUSA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Ad valorem taxes	\$ 2,047,410	\$ 2,189,020	\$ 2,202,348	\$ 13,328
Sales taxes	3,039,840	3,082,380	3,134,121	51,741
Other taxes	18,200	22,355	22,249	(106)
Licenses and permits	391,100	387,145	408,690	21,545
Franchise fees	299,950	298,750	325,853	27,103
Intergovernmental	527,470	712,990	525,562	(187,428)
Charges for services	115,180	106,255	114,938	8,683
Fines	150,000	146,585	139,674	(6,911)
Interest	1,110	3,985	3,975	(10)
Miscellaneous	102,100	131,015	134,667	3,652
Total revenues	<u>6,692,360</u>	<u>7,080,480</u>	<u>7,012,077</u>	<u>(68,403)</u>
Expenditures:				
Current -				
General government	3,050,475	3,027,065	2,857,984	169,081
Public safety	5,314,555	5,418,120	5,399,056	19,064
Public works	1,572,345	1,618,850	1,635,598	(16,748)
Airport	131,215	101,510	132,340	(30,830)
Intergovernmental	274,035	259,035	258,955	80
Total expenditures	<u>10,342,625</u>	<u>10,424,580</u>	<u>10,283,933</u>	<u>140,647</u>
Deficiency of revenues over expenditures	(3,650,265)	(3,344,100)	(3,271,856)	72,244
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	-	2,200	2,200
Transfers to other funds	(90,000)	(82,395)	(97,020)	(14,625)
Transfers from other funds	3,440,265	3,237,040	3,078,745	(158,295)
	<u>3,350,265</u>	<u>3,154,645</u>	<u>2,983,925</u>	<u>(170,720)</u>
Net change in fund balance	<u>(300,000)</u>	<u>(189,455)</u>	<u>(287,931)</u>	<u>(98,476)</u>
Fund balance, beginning	<u>332,445</u>	<u>655,357</u>	<u>655,357</u>	<u>-</u>
Fund balance, ending	<u>\$ 32,445</u>	<u>\$ 465,902</u>	<u>\$ 367,426</u>	<u>\$ (98,476)</u>

See accompanying independent auditor's report.

CITY OF BOGALUSA
BUDGETARY COMPARISON SCHEDULE
INDUSTRIAL COMPLEX SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Sales Taxes	\$ 286,900	\$ 293,705	\$ 303,603	\$ 9,898
Interest	600	1,140	1,150	10
Total revenues	<u>287,500</u>	<u>294,845</u>	<u>304,753</u>	<u>9,908</u>
Expenditures:				
General Government	4,130	4,490		
Economic Development	180,000	193,730	185,395	8,335
Capital Outlay	150,000	180,560	162,887	17,673
Total expenditures	<u>334,130</u>	<u>378,780</u>	<u>348,282</u>	<u>30,498</u>
Excess (deficiency) of revenues over (under) expenditures	(46,630)	(83,935)	(43,529)	40,406
Other financing uses:				
Transfers out to other funds	(25,000)	(25,000)	(25,000)	-
	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balance	<u>(71,630)</u>	<u>(108,935)</u>	<u>(68,529)</u>	<u>40,406</u>
Fund balance, beginning	<u>2,046,649</u>	<u>2,086,137</u>	<u>2,086,137</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,975,019</u>	<u>\$ 1,977,202</u>	<u>\$ 2,017,608</u>	<u>\$ 40,406</u>

See accompanying independent auditor's report.

Other Supplemental Information

CITY OF BOGALUSA
SCHEDULE OF REVENUES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Taxes:				
Ad valorem taxes	\$ 2,047,410	\$ 2,189,020	\$ 2,202,348	\$ 13,328
Sales tax	3,039,840	3,082,380	3,134,121	51,741
Beer tax	18,000	15,920	15,722	(198)
Bogalusa Housing Authority taxes	-	5,965	5,967	2
Tax certificates	200	470	560	90
Total taxes	5,105,450	5,293,755	5,358,718	64,963
Licenses and permits:				
Occupational licenses and interest	380,000	376,020	397,563	21,543
Alcoholic beverages licenses and permits	7,800	11,045	11,045	-
Electrical permits	200	-	0	-
Miscellaneous Permits	100	80	82	2
Burial Permits and other	3,000	-	-	-
Total licenses and permits	391,100	387,145	408,690	21,545
Franchise fees				
Entergy Electrical	190,000	194,490	203,028	8,538
Centerpoint Natural Gas	84,205	91,140	103,796	12,656
Charter Cable TV	5,000	-	-	-
Bell South / AT&T Franchise Fee	20,135	12,510	18,415	5,905
Southern Lighting of LA	610	610	614	4
Total franchise fees	299,950	298,750	325,853	27,103
Intergovernmental:				
State Supplemental Pay	366,500	344,420	344,116	(304)
Federal Emergency Management Agency	-	305,785	107,170	(198,615)
LACLE Receipts	-	-	3,207	3,207
Airport State Grant	-	1,000	-	(1,000)
Louisiana Safety Commission Grant	40,000	8,030	17,316	9,286
Louisiana Facilities Planning	-	-	-	-
Bogalusa School Board	52,970	52,970	52,968	(2)
Department of Justice Grant	68,000	785	785	-
UNO Research Grant	-	-	-	-
Total intergovernmental	\$ 527,470	\$ 712,990	\$ 525,562	\$ (187,428)

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF REVENUES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Charges for services:				
Zoning change charges	\$ 275	\$ 750	\$ 750	\$ -
Wreck and fire reports	6,000	10,190	10,328	138
Pound fees	100	310	330	20
Witness fees	3,000	7,220	6,830	(390)
Recording deeds	(6,285)	(4,940)	(4,190)	750
Research fees	1,700	2,255	2,395	140
Bonding fees	27,390	32,960	40,515	7,555
Fingerprint fees	3,000	3,390	3,180	(210)
Archon collection fee	80,000	54,120	54,800	680
Miscellaneous	-	-	0	-
Total charges for services	115,180	106,255	114,938	8,683
Fines and Penalties				
Court Fines	150,000	146,585	139,674	(6,911)
Total fines	150,000	146,585	139,674	(6,911)
Interest:				
Interest Earned	100	245	230	(15)
Cassidy Park Campground Donations & Interest	1,000	3,680	3,681	1
Main Street Donations & Interest	-	10	7	(3)
Retirement Interest Earned	10	50	57	7
Total interest earned	1,110	3,985	3,975	(10)
Miscellaneous:				
2% fire insurance	60,000	59,500	59,507	7
Cemetery plot sales	10,000	9,170	9,871	701
Airport income	-	3,090	3,143	53
Chemical Release Funds	-	-	0	-
Returned checks charges	400	70	70	-
Police seized funds	3,800	-	0	-
Over and short	-	70	64	(6)
ATM rent	-	-	0	-
Sale of adjudicated property	1,000	-	-	-
Xerox receipts	-	35	36	1
Rental Income	900	1,015	1,013	(2)
Centennial Jubilee Receipts	-	30	30	-
Worker's Compensation Reimbursement	5,000	4,400	4,402	2
Other miscellaneous revenue	21,000	53,635	56,531	2,896
Total miscellaneous	102,100	131,015	134,667	3,652
TOTAL REVENUES	\$ 6,692,360	\$ 7,080,480	\$ 7,012,077	\$ (68,403)
				(concluded)

See accompanying independent auditor's report.

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
General Government:				
<i>City Council:</i>				
Salaries and wages	\$ 80,270	\$ 80,250	\$ 80,532	\$ (282)
Contract overtime	1,015	1,015	1,013	2
Overtime	-	25	27	(2)
Supplies and expense	3,965	7,830	7,421	409
Employee group insurance	7,760	7,750	7,749	1
Auditing fees	80,000	70,275	75,113	(4,838)
Publications	15,000	7,555	7,841	(286)
City Employment Retirement System	3,330	3,330	3,332	(2)
Payroll Tax Expense	4,340	4,340	4,342	(2)
<i>Total City Council</i>	<u>195,680</u>	<u>182,370</u>	<u>187,370</u>	<u>(5,000)</u>
<i>Mayor's Office:</i>				
Salaries and wages	133,840	117,635	118,014	(379)
Contract overtime	1,050	1,050	1,047	3
Overtime	-	345	539	(194)
Supplies and expense	15,160	16,525	16,408	117
Gas and oil	2,050	2,000	1,816	184
Employee group insurance	23,270	18,740	18,739	1
Travel	1,000	1,775	1,420	355
Dues and subscriptions	2,000	-	2,381	(2,381)
City Employment Retirement System	3,450	3,480	3,479	1
Mayor's Municipal State Retirement System	19,840	20,470	20,467	3
Payroll Tax Expense	3,645	2,425	2,425	-
<i>Total Mayor's Office</i>	<u>205,305</u>	<u>184,445</u>	<u>186,735</u>	<u>(2,290)</u>
<i>City Attorney:</i>				
Legal and professional	24,000	24,040	22,080	1,960
<i>Total City Attorney</i>	<u>24,000</u>	<u>24,040</u>	<u>22,080</u>	<u>1,960</u>
<i>City Prosecutor:</i>				
Salaries and wages	54,165	54,105	54,532	(427)
Contract overtime	1,045	1,045	1,044	1
Overtime	1,000	1,940	1,766	174
Supplies and expense	500	800	722	78
Employee group insurance	7,760	7,750	7,749	1
City Employment Retirement System	3,545	3,640	3,620	20
Payroll Tax Expense	2,305	2,315	2,314	1
<i>Total City Prosecutor</i>	<u>\$ 70,320</u>	<u>\$ 71,595</u>	<u>\$ 71,747</u>	<u>\$ (152)</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Personnel:				
Salaries and wages	\$ 44,950	\$ 44,920	\$ 45,820	\$ (900)
Supplies and expense	500	630	620	10
Employee group insurance	7,760	7,750	7,749	1
Travel	-	80	87	(7)
City Employment Retirement System	4,945	4,940	4,941	(1)
Payroll Tax Expense	-	-	1	(1)
Total personnel	58,155	58,320	59,417	(1,097)
Administration and Finance:				
Salaries and wages	296,885	280,930	280,954	(24)
Contract overtime	5,960	5,215	5,126	89
Overtime	2,500	1,490	1,532	(42)
Uniform expense	2,100	2,100	2,100	-
Supplies and expense	39,850	25,780	26,384	(604)
Gas and oil	300	250	244	6
Employee group insurance	62,055	47,800	46,508	1,292
Travel	300	150	150	-
Miscellaneous	-	-	(720)	720
Contract labor - pension records	20,000	12,410	12,410	-
City Employment Retirement System	27,470	26,340	25,533	807
Payroll Tax Expense	4,525	4,280	4,277	3
Total administration and finance	461,945	406,745	404,498	2,247
Purchasing:				
Salaries and wages	29,965	29,950	30,054	(104)
Supplies and expense	585	1,045	1,035	10
Advertising	10,055	2,855	2,981	(126)
City Employment Retirement System	3,300	3,295	3,294	1
Payroll Tax Expense	435	435	435	-
Total purchasing	\$ 44,340	\$ 37,580	\$ 37,799	\$ (219)

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<i>General and Administrative:</i>				
Interest expense	10,000	4,635	6,617	(1,982)
Insurance expense	1,248,865	1,056,965	1,052,373	4,592
Legal and other professional	186,905	283,670	291,244	(7,574)
Utilities expense	300,000	304,780	305,951	(1,171)
Coronor's expense	25,560	49,460	52,178	(2,718)
Wash. Parish Veterans Office	12,770	14,550	14,548	2
Municipal fire and police - civil service	4,100	3,600	3,664	(64)
Employee Relations	-	-	4,089	(4,089)
Bonding fees expense	13,145	95,815	12,053	83,762
Assessor's expenses	6,400	6,400	6,623	(223)
Advertising	-	12,550	11,222	1,328
Youth Services	-	1,500	1,500	-
Miscellaneous	44,000	48,740	49,939	(1,199)
Election expense	25,000	21,275	12,881	8,394
Planning and zoning	3,600	3,900	3,600	300
ICON/Believe	1,500	-	-	-
Sales Tax Collection Expense	43,785	47,170	-	47,170
Centennial Jubilee and beautification expenses	1,000	-	-	-
City beautification project	1,000	1,520	1,011	509
ARCHON Information Services	51,100	61,345	58,845	2,500
FEMA Repayment	12,000	13,000	-	13,000
March Flood Expenses	-	31,095	-	31,095
<i>Total general and administrative</i>	<u>1,990,730</u>	<u>2,061,970</u>	<u>1,888,338</u>	<u>173,632</u>
Total general government	<u>\$ 3,050,475</u>	<u>\$ 3,027,065</u>	<u>\$ 2,857,984</u>	<u>\$ 169,081</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Public Safety</u>				
<i>Police:</i>				
Salaries and wages	\$ 1,305,330	\$ 1,371,000	\$ 1,367,785	\$ 3,215
Contract overtime	132,970	130,520	130,508	12
Overtime	126,000	213,845	219,964	(6,119)
State supplemental pay	173,000	160,935	159,616	1,319
Uniform allowance	13,950	16,135	17,362	(1,227)
Supplies and expense	53,600	55,725	61,301	(5,576)
Signs and maintenance	5,000	2,420	2,007	413
Gas and oil	54,400	55,000	50,466	4,534
Employee group insurance	281,865	268,680	266,102	2,578
Travel	1,000	7,160	10,456	(3,296)
Repairs - equipment and radios	1,500	3,230	1,158	2,072
Equipment	85,300	73,820	93,296	(19,476)
Special investigations	-	150	150	-
Narcotics investigations	500	-	-	-
Education and training	1,000	6,320	5,324	996
City Employment Retirement System	3,025	3,070	3,069	1
Reserve Officer Expenses	-	1,865	2,915	(1,050)
Police State Pension	496,115	508,900	497,914	10,986
Payroll Tax Expense	25,670	28,000	27,597	403
<i>Total police</i>	<u>2,760,225</u>	<u>2,906,775</u>	<u>2,916,990</u>	<u>(10,215)</u>
<i>Fire:</i>				
Salaries and wages	1,123,505	1,127,425	1,129,618	(2,193)
Contract overtime	135,045	121,690	120,449	1,241
Overtime	137,420	136,430	209,549	(73,119)
Shift differential	0	0	-	-
Holiday pay	71,750	75,000	-	75,000
State supplemental pay	181,500	171,485	172,500	(1,015)
Uniform allowance	12,800	10,375	10,044	331
Supplies and expense	21,055	27,105	29,367	(2,262)
Equipment	223,230	195,905	194,312	1,593
Gas and oil	13,780	17,180	16,342	838
Employee group insurance	240,465	229,235	226,660	2,575
Travel	1,000	750	1,250	(500)
Repair - equipment	6,670	9,470	7,561	1,909
Education and training	1,000	770	5,969	(5,199)
Fire State Pension	361,195	365,265	335,756	29,509
Payroll Tax Expense	23,915	23,260	22,689	571
<i>Total fire</i>	<u>2,554,330</u>	<u>2,511,345</u>	<u>2,482,066</u>	<u>29,279</u>
Total public safety	<u>\$ 5,314,555</u>	<u>\$ 5,418,120</u>	<u>\$ 5,399,056</u>	<u>\$ 19,064</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Public Works</u>				
<i>Public works - central:</i>				
Salaries and wages	\$ 704,625	\$ 732,960	\$ 745,083	\$ (12,123)
Overtime	63,100	82,370	91,585	(9,215)
Contract overtime	1,870	1,870	1,869	1
Allowance - rainsuits, clothing	1,750	2,380	2,380	-
Supplies and expense	37,435	37,660	36,166	1,494
Equipment	18,200	11,335	0	11,335
Gas and oil	51,880	55,000	49,198	5,802
Tools and Equipment	12,410	21,800	24,925	(3,125)
Cemetery maintenance materials	10,090	4,830	4,572	258
Uniform expense	25,730	30,375	33,066	(2,691)
Employee group insurance	193,925	171,135	169,845	1,290
Travel	500	0	747	(747)
Education & Training	0	-	-	-
Repairs - equipment	1,500	600	6,318	(5,718)
City Employment Retirement System	69,190	72,395	72,553	(158)
Payroll Tax Expense	13,750	14,475	14,568	(93)
<i>Total public works - central</i>	<u>1,205,955</u>	<u>1,239,185</u>	<u>1,252,875</u>	<u>(13,690)</u>
<i>Public works - electrical:</i>				
Salaries and wages	41,970	41,940	42,093	(153)
Overtime	2,600	10,135	15,274	(5,139)
Allowance - rainsuits, clothing	70	130	130	-
Supplies and expense	11,720	19,125	17,835	1,290
Tools and equipment	300	-	-	-
Employee group insurance	7,760	7,750	7,749	1
City Employment Retirement System	4,905	5,730	6,124	(394)
Payroll Tax Expense	650	755	830	(75)
<i>Total public works - electrical</i>	<u>69,975</u>	<u>85,565</u>	<u>90,035</u>	<u>(4,470)</u>
<i>Public works - motor pool:</i>				
Salaries and wages	107,050	106,950	109,555	(2,605)
Overtime	5,000	18,810	19,312	(502)
Allowance - rainsuits, clothing	280	280	280	-
Supplies and expense	21,980	32,520	29,187	3,333
Tools and equipment	4,355	7,600	7,094	506
Gas and oil	7,190	8,000	7,129	871
Employee group insurance	31,030	30,995	30,997	(2)
Vehicle maintenance - general	1,395	500	366	134
Vehicle maintenance - police	48,300	49,325	50,278	(953)
Vehicle maintenance - fire	20,020	7,770	7,809	(39)
Vehicle maintenance - public works	38,040	18,090	17,478	612
Licenses - chauffeurs	780	550	459	91
City Employment Retirement System	9,370	10,885	10,907	(22)
Payroll Tax Expense	1,625	1,825	1,837	(12)
<i>Total public works - motor pool</i>	<u>296,415</u>	<u>294,100</u>	<u>292,688</u>	<u>1,412</u>
Total public works	<u>\$ 1,572,345</u>	<u>\$ 1,618,850</u>	<u>\$ 1,635,598</u>	<u>\$ (16,748)</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Airport:				
Salaries and wages	\$ 42,310	\$ 24,185	\$ 24,185	\$ -
Employee group insurance	7,760	3,240	3,240	-
Insurance	-	-	-	-
Utilities	40,000	40,255	40,248	7
Maintenance	22,305	19,430	18,072	1,358
Supplies and expense	5,830	5,110	37,093	(31,983)
Travel	500	-	0	-
Gas & oil	2,180	1,865	1,351	514
City Employment Retirement System	4,655	2,660	2,660	-
Payroll Tax Expense	615	350	351	(1)
Insurance-Property Damage	5,060	3,415	5,140	(1,725)
Total airport	<u>131,215</u>	<u>101,510</u>	<u>132,340</u>	<u>(30,830)</u>
Intergovernmental :				
City court personnel compensation	196,535	197,905	198,056	(151)
City court supplies and expense	77,500	61,130	60,899	231
Total intergovernmental	<u>274,035</u>	<u>259,035</u>	<u>258,955</u>	<u>80</u>
TOTAL EXPENDITURES	<u>\$ 10,342,625</u>	<u>\$ 10,424,580</u>	<u>\$ 10,283,933</u>	<u>\$ 140,647</u> (concluded)

See accompanying independent auditor's report.

Non-Major Governmental Funds

CITY OF BOGALUSA, LOUISIANA
Non-Major Governmental Funds
December 31, 2019

Special Revenue Funds

Employee Pay Raise Sales Tax - Accounts for the receipt of a 1/2 cent sales and use tax. The proceeds are dedicated to the purpose of paying salaries and benefits of City employees. The tax is for an indefinite period.

Street Improvement Sales Tax - Accounts for the receipt of 25% of a one-cent sales and use tax. The proceeds are dedicated to street and drainage repair, maintenance, operation and additions.

Capital Improvement Sales Tax - Accounts for the receipt of 15% of a one-cent sales and use tax. The proceeds are dedicated to the acquisition, operation, and maintenance of land, buildings, and equipment.

Industrial Complex Rent/Lease - Accounts for the receipt of rent from the Industrial Park. Expenditures are not legally restricted for any certain purpose.

Youth Recreation and Parks - Accounts for the receipt of 50% of a 4-mill ad valorem tax dedicated for acquiring, constructing, improving, operating and maintaining parks and recreation facilities.

Jail Operations Sales Tax - Accounts for the receipt of one-third of one percent (1/3%) sales and use tax dedicated for improvements, maintenance and operation of the City Jail, including, but not limited to, the construction of additions to or expansions of the existing Bogalusa City Jail and for purchasing, maintaining and operating related equipment.

LCDBG Fund - Accounts for the receipt of the LCDBG grant dedicated to improvements and renovations of the water tower owned by the City.

Brownfields Assessment Grant Fund - Accounts for the receipt of Brownfields Assessment grant funds used for Type I assessments of property to be used for commercial purposes.

Retirement Special Fund - Accounts for the receipt of taxes that are dedicated for the City of Bogalusa Employees' Retirement System.

Landfill Fund - Accounts for the receipt of a 5-mill ad valorem tax dedicated to constructing, acquiring, improving, maintaining and/or operating landfill facilities for the city, including acquisition of land therefore. This fund also accounted for the City's investment in operations of the Choctaw Road Landfill, a joint venture with the Washington Parish Government; however, the joint venture was dissolved as of December 31, 2019.

Municipal Building Fund - Accounts for the receipt of a 2-mill ad-valorem tax dedicated to improvements and renovations to existing structures owned by the City.

Capital Projects Fund

Airport Expansion Fund - Accounts for the federal grant revenues and expenditures thereof for capital improvements at the George R. Carr Memorial Airport.

Debt Service Funds

General Obligation Bond Sinking Fund - Accumulates monies for payment of the \$1,750,000 General Obligations Revenue Bonds, Series 2007 for street overlay.

CITY OF BOGALUSA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

Special Revenue Funds

	Employee Pay Raise Sales Tax Fund	Street Improvement Sales Tax Fund	Capital Improvement Sales Tax Fund	Industrial Complex Rent/Lease Fund	Youth Recreation and Parks Fund	Jail Operations Sales Tax Fund	LCDBG Fund
ASSETS							
Cash and cash equivalents	\$ 85,009	\$ 125,241	\$ 212,319	\$ 37,884	\$ 104,444	\$ 38,304	\$ 100
Property taxes receivable	-	-	-	-	42,123	-	-
Accounts receivable	94,709	47,355	28,375	6,484	-	66,042	-
Due from other funds	-	-	179,321	168,912	8,117	-	21,924
Prepaid Expenses and Other Assets	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
TOTAL ASSETS	179,718	172,596	420,015	213,280	154,684	104,346	22,024
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 179,718	\$ 172,596	\$ 420,015	\$ 213,280	\$ 154,684	\$ 104,346	\$ 22,024
LIABILITIES							
Accounts payable	-	27,580	1,679	142	5,572	14,216	-
Accrued expenses	-	-	-	-	1,270	15,481	-
Due to other funds	178,718	-	-	1,568	143,950	13,301	21,924
TOTAL LIABILITIES	178,718	27,580	1,679	1,710	150,792	42,998	21,924
DEFERRED INFLOWS OF RESOURCES							
Unearned revenue	-	-	-	-	3,892	-	-
FUND BALANCES							
Restricted for:							
Capital projects	-	-	418,336	-	-	-	-
Special programs	1,000	145,016	-	211,570	-	61,348	100
TOTAL FUND BALANCES	1,000	145,016	418,336	211,570	-	61,348	100
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 179,718	\$ 172,596	\$ 420,015	\$ 213,280	\$ 154,684	\$ 104,346	\$ 22,024

(continued)

See accompanying independent auditor's report.

CITY OF BOGALUSA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue Funds				Capital Projects Fund	Debt Service Funds	Total Non-Major Governmental Funds
	Brownsfield Assessment Grant Fund	Retirement Special Mill Fund	Landfill Fund	Municipal Building Fund	Airport Expansion Fund	General Obligation Bond Sinking Fund	
ASSETS							
Cash and cash equivalents	\$ 5	\$ 202,830	\$ 289,785	\$ 181,946	\$ 8	\$ 387,096	\$ 1,664,971
Property taxes receivable	-	57,634	105,418	42,118	-	57,511	304,804
Accounts receivable	-	46,841	-	-	124,446	-	414,252
Due from other funds	-	1,433	16,052	215,047	39,534	1,986	652,326
Prepaid Expenses	-	-	-	-	-	-	-
TOTAL ASSETS	5	308,738	411,255	439,111	163,988	446,593	3,036,353
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 5	\$ 308,738	\$ 411,255	\$ 439,111	\$ 163,988	\$ 446,593	\$ 3,036,353
LIABILITIES							
Accounts payable	\$ -	\$ 303,424	\$ -	\$ 2,810	\$ -	\$ -	\$ 355,423
Accrued expenses	-	-	-	-	-	-	16,751
Due to other funds	-	-	-	-	163,988	94,921	618,370
Due to other governments	-	-	381,340	-	-	-	381,340
TOTAL LIABILITIES	-	303,424	381,340	2,810	163,988	94,921	1,371,884
DEFERRED INFLOWS OF RESOURCES							
Property taxes unavailable for current year	-	5,314	9,715	3,887	-	5,185	27,993
FUND BALANCES							
Restricted for:							
Debt service	-	-	-	-	-	346,487	346,487
Capital projects	-	-	-	-	-	-	418,336
Maintenance	-	-	-	432,414	-	-	432,414
Special programs	5	-	20,200	-	-	-	439,239
TOTAL FUND BALANCES	5	-	20,200	432,414	-	346,487	1,636,476
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 5	\$ 308,738	\$ 411,255	\$ 439,111	\$ 163,988	\$ 446,593	\$ 3,036,353

(concluded)

See accompanying independent auditor's report.

CITY OF BOGALUSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds						
	Employee Pay Sales Tax Fund	Street Improvement Sales Tax Fund	Capital Improvement Sales Tax Fund	Industrial Complex Rent/Lease Fund	Youth Recreation and Parks Fund	Jail Operations Sales Tax Fund	LCDBG Fund
Revenues:							
Ad valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ 156,713	\$ -	\$ -
Sales Taxes	1,178,539	589,970	353,510	-	-	778,508	-
Intergovernmental	-	-	-	-	-	41,000	-
Interest	16	64	89	12	38	26	-
Rent	-	-	-	330,173	-	-	-
Miscellaneous	-	-	3,129	-	17,800	40,844	-
Total revenues	<u>1,178,555</u>	<u>590,034</u>	<u>356,728</u>	<u>330,185</u>	<u>174,551</u>	<u>860,378</u>	<u>-</u>
Expenditures:							
Current:							
Public safety	-	-	-	-	-	879,612	-
Public works	-	482,328	78,438	-	-	-	-
Landfill	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	180,637	-	-
Economic Development	-	-	-	64,701	-	-	-
Capital outlay	-	-	107,713	-	28,946	-	-
Capital lease payments	-	-	64,065	-	-	-	-
Interest	-	-	8,118	-	-	-	-
Total expenditures	<u>-</u>	<u>482,328</u>	<u>258,334</u>	<u>64,701</u>	<u>209,583</u>	<u>879,612</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,178,555	107,706	98,394	265,484	(35,032)	(19,234)	-
Other financing sources (uses):							
Net gain on joint venture dissolution	-	-	-	-	-	-	-
Transfers to other funds	(1,178,555)	-	(21,495)	(266,368)	-	-	-
Transfers from other funds	-	-	-	-	166,088	-	-
	<u>(1,178,555)</u>	<u>-</u>	<u>(21,495)</u>	<u>(266,368)</u>	<u>166,088</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	107,706	76,899	(884)	131,056	(19,234)	-
Fund balance (deficit), beginning	1,000	37,310	341,437	212,454	(131,056)	80,582	100
Fund balance (deficit), ending	<u>\$ 1,000</u>	<u>\$ 145,016</u>	<u>\$ 418,336</u>	<u>\$ 211,570</u>	<u>\$ -</u>	<u>\$ 61,348</u>	<u>\$ 100</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds				Capital Projects Fund	Debt Service Funds General Obligation Bond Sinking Fund	Total Non- Major Governmental Funds
	Brownsfield Assessment Grant Fund	Retirement Special Fund	Landfill Fund	Municipal Building Fund	Airport Expansion Fund		
Revenues:							
Ad valorem Taxes	\$ -	\$ 214,674	\$ 392,569	\$ 156,858	\$ -	\$ 214,240	\$ 1,135,054
Sales Taxes	-	572,655	-	-	-	-	3,473,182
Intergovernmental	2,875	-	-	-	34,915	-	78,790
Interest	-	15	94	81	-	52	487
Rent	-	-	-	-	-	-	330,173
Miscellaneous	-	-	-	88,604	-	-	150,377
Total revenues	<u>2,875</u>	<u>787,344</u>	<u>392,663</u>	<u>245,543</u>	<u>34,915</u>	<u>214,292</u>	<u>5,168,063</u>
Expenditures:							
Current -							
General government	-	787,344	-	-	-	-	787,344
Public safety	-	-	-	-	-	-	879,612
Public works	-	-	-	-	-	-	560,766
Landfill	-	-	381,340	-	-	-	381,340
Culture and Recreation	-	-	-	85,153	-	-	265,790
Economic Development	2,875	-	-	-	-	-	67,576
Airport	-	-	-	-	686	-	686
Capital outlay	-	-	-	64,169	34,229	-	235,057
Debt Service -							
Capital lease payments	-	-	-	-	-	-	64,065
Principal	-	-	-	-	-	140,000	140,000
Interest	-	-	-	-	-	24,095	32,213
Total expenditures	<u>2,875</u>	<u>787,344</u>	<u>381,340</u>	<u>149,322</u>	<u>34,915</u>	<u>164,095</u>	<u>3,414,449</u>
Excess (deficiency) of revenues over expenditures	-	-	11,323	96,221	-	50,197	1,753,614
Other financing sources (uses):							
Net gain on joint venture dissolution	-	-	464,998	-	-	-	464,998
Transfers to other funds	-	-	-	-	-	-	(1,466,418)
Transfers from other funds	-	-	-	-	-	-	166,088
	<u>-</u>	<u>-</u>	<u>464,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(835,332)</u>
Net change in fund balance	-	-	476,321	96,221	-	50,197	918,282
Fund balance (deficit), beginning	5	-	(456,121)	336,193	-	296,290	718,194
Fund balance, ending	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 20,200</u>	<u>\$ 432,414</u>	<u>\$ -</u>	<u>\$ 346,487</u>	<u>\$ 1,636,476</u>
See accompanying independent auditor's report.							(concluded)

Schedule Required by State Law LSA RS 24:513A(1)(a)(3)

CITY OF BOGALUSA, LOUISIANA
Schedule Required by State Law LSA RS 24:513A(1)(a)(3):
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 December 31, 2019

The following schedule is required by Louisiana State Law LSA RS 24:513(1)(a)(3) on compensation and benefits paid to the agency head:

Agency Head Name: Wendy O'Quin Perrette, Mayor

Purpose	Amount
Salary	\$ 76,141
Benefits-insurance - health	7,749
Benefits-insurance - life	189
Benefits-retirement	20,467
Payroll Taxes	1,104
Car Allowance	1,604
Reimbursement or fuel	-
Per diem	500
Travel	977
Membership dues(LMA)	2,381
	<hr/>
	\$ 111,112
	<hr/>

See accompanying independent auditor's report.

Information Required by Debt Agreements

CITY OF BOGALUSA, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2019
(UNAUDITED)

Policy	Insurance Company	Term	Policy #	Coverage
Property/inland Marine	Scottsdale Insurance Company	3/25/2018 - 03/25/2019	CPS279914	Various
		03/25/2019 - 03/25/2020	CPX2978250	Various
		03/25/2020-03/25/2021	CPS7086898	Various
Electronic Equipment	Liberty Mutual	1/1/2018 - 1/1/2019	IM8107636	577,000
		1/1/2019 - 1/1/2020	IM8107636	577,000
		1/1/2020 - 1/1/2021	bmw2160278339	577,000
Equipment Breakdown	Travelers	1/1/2018 - 1/1/2019	M5J-BM1-1942X304-TIL18	100,000 each
		1/1/2019 - 1/1/2020	M5J-BM1-1942X304-TIL19	100,000 each
		1/1/2020 - 1/1/2021	M5J-BM1-1942X304-TIL20	100,000 each
Crime	Travelers	2/12/2017 - 2/12/2020	105562262	75,000
		2/12/2020 - 2/12/2023	105562262	75,000
Airport Liability Lessor's Risk Only	Old Republic Insurance Company	11/1/2017 - 11/1/2018	PR 00258805	2,000,000 each
		11/1/2018 - 11/1/2019	PR 00258805	2,000,000 each
		11/1/2019 - 11/1/2020	PR 00258805	2,000,000 each
Worker's Compensation	LA Muni Risk Mgmt Agency	1/1/2018 - 1/1/2019	70-0289-16524	STATUTORY
		1/1/2019 - 1/1/2020	70-1026-2019-16963	STATUTORY
		1/1/2020 - 1/1/2021	1026-2020	STATUTORY
Commerical Liability	LA Muni Risk Mgmt Agency	2/14/2017 - 2/14/2019	100-0330-00015419	500,000 each
		2/14/2019 - 2/14/2020	1026-2019-16996	500,000 each
		2/14/2020 - 2/14/2024	1026-2020-17432	500,000 each
Law Enforcement Liability	LA Muni Risk Mgmt Agency	2/14/2017 - 2/14/2019	100-0330-00015419	500,000 each
		2/14/2019 - 2/14/2020	1026-2019-16996	500,000 each
		2/14/2020 - 2/14/2024	1026-2020-17432	500,000 each
Automotive	LA Muni Risk Mgmt Agency	2/14/2017 - 2/14/2019	100-0330-00015419	500,000 each
		2/14/2019 - 2/14/2020	1026-2019-16996	500,000 each
		2/14/2020 - 2/14/2024	1026-2020-17432	500,000 each
Automotive	Houston Specialty Insurance Co.	3/7/2018 - 3/7/2019	HSLR18-00073-07	Various
		3/7/2019 - 3/7/2020	HSLR18-00073-08	Various
		3/7/2020 - 3/7/2021	HSLR18-00073-09	Various
Errors and Omissions	LA Muni Risk Mgmt Agency	2/14/2017 - 2/14/2019	100-0330-00015419	500,000 each
		2/14/2019 - 2/14/2020	1026-2019-16996	500,000 each
		2/14/2020 - 2/14/2024	1026-2020-17432	500,000 each

See accompanying independent auditor's report.

CITY OF BOGALUSA, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
DECEMBER 31, 2019
(UNAUDITED)

Statistics on System Operations

- (a) As of **December 31, 2019**, there were 4,889 total metered customers for the water system.
- (b) The following rate schedules were in effect during the fiscal year for water services:

Water:

	Residential and Commercial Inside City	Residential and Commercial Outside City
First 3,000 gallons	\$ 16.09	\$ 32.18
Per additional 1,000 gallons	\$ 2.58	\$ 5.16

- (c) Average monthly billing per residential customer was:

Water, Sewer and Garbage Collection \$ 61.45

- (d) Average monthly billing per commercial customer was:

Water, Sewer and Garbage Collection \$ 162.99

See accompanying independent auditor's report.

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CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bogalusa, Louisiana (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise City of Bogalusa's basic financial statements and have issued my report thereon dated September 3, 2020.

Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the preceding paragraph 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-004, 2019-005, and 2019-006 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as items 2019-001, 2019-002 and 2019-003.

City of Bogalusa's Responses to Findings

The City of Bogalusa's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The City of Bogalusa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Bogalusa, Louisiana
September 3, 2020

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2019

Section II – Findings Affecting the Financial Statements

Noncompliance with laws, regulations, contracts and grant agreements

2019-001

Underfunded Retirement System

Criteria	State Law (R.S. 11:3031 – 3053) created the City of Bogalusa Employee’s Retirement System (COBERS) and provides for its administration. R.S. 11:3045(A) states, “The City shall make contributions to the system each year on an actuarially funded basis, toward the annuities and benefits herein provided.”
Condition	At June 30, 2019, the City’s sponsored defined benefit pension plan (COBERS) was severely underfunded. The funded ratio at June 30, 2019 was 17.28% and the net pension liability was \$20,548,678. This is a repeat finding.
Cause	The stock market decline of 2008 combined with other demographic conditions such as an aging workforce and longevity of retirement have caused required contribution levels to increase. The City’s budget has been unable to absorb these increases and therefore the increases have gone unfunded.
Effect	The assets held in trust are severely deficient of the amount needed to pay the pension benefits promised to employees over the long term.
Recommendation	Although the City increased the contributions made to COBERS during 2019 with the revenue from sales tax rededications and voter approval of an additional rededication of sales tax on July 11, 2020, the City should continue to find ways to provide additional funding to the retirement plan to ensure that the retirement system is actuarially funded in accordance with state law.
Management’s Response	<p>The City’s pension plan, as is the case with many defined benefit plans throughout the nation, is critically underfunded.</p> <p>In a November 2018 election, two sales taxes were rededicated to COBERS. This was effective 1/1/2019 and provides an estimated \$550,000 in additional revenue for the retirement plan. Another sales tax was rededicated to COBERS in a July 2020 election. This will provide and estimated \$280,000 in additional revenue for the retirement plan.</p> <p>The City is also exploring ways to reduce expenditures so more funds will be available to contribute to the system.</p>

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2019

<u>2019-002</u>	Incorrect Treatment of Old Outstanding Checks
Criteria	Louisiana Revised Statutes 9:151 <i>et seq.</i> requires that outstanding checks be sent to the Louisiana State Treasurer as unclaimed property if they are outstanding after a certain time period based on the type of check.
Condition	The City's policy is to void outstanding checks older than twelve months instead of researching why the checks have not been cashed or sending these unclaimed funds to the State Treasurer in accordance with the statute. This is a repeat finding.
Cause	The City's policy of voiding old outstanding items is not in agreement with state law.
Effect	The City is not compliant with Louisiana Revised Statutes 9:151 <i>et seq.</i>
Recommendation	The City should change its procedure and research outstanding checks to determine if a replacement check to the payee is necessary or send in the unclaimed amounts to the State Treasurer according to the Treasurer's holding periods.
Management's Response	From our understanding, the outstanding checks were due to other checks being reissued. The checks should have been voided. However, we will review all outstanding checks in 2020 and ensure that we are compliant with the Louisiana statute.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2019

2019-003

Bond Covenants

Criteria	The covenants of the Water Revenue Bonds, Series 2009 A and B, and the Revenue Refunding Bonds, the Assets, Revenue and Expenses of the water system operation are to be identified and accounted for separately.
Condition	A separate accounting for Water System Operations has not been developed. Parts of this finding are a repeat from the prior year.
Cause	The City's finance staff is not familiar with the terms of the bonds, and according to them, were misinformed by consultants regarding the need for separate accounting for the Water System Operations.
Effect	Violation of bond covenants.
Recommendation	The City should periodically review all bond covenants and ensure that the City is in compliance. Additionally, the Water and Sewer and Garbage Operations should be separated into separate funds.
Management's Response	The revenue and expenses are accounted for separately. The assets and liabilities have always been combined. We do not have the records to separate these. However, we will research this further to try to do so.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2019

Internal Control Matters

2019-004

Internal financial reporting

Criteria: Financial reports provided to the mayor and the council should be complete and accurate, yet concise and straightforward enough to allow for appropriate monitoring of financial condition and decision making.

Condition: The City's internal and monthly financial reporting process did not allow for sufficient monitoring and decision making by the mayor and council. **This is a repeat finding.**

Effect: Decisions are being made without complete information.

Cause: The financial reports provide excessive detail of expenditures compared to budget for the year, but do not present the financial condition (fund balance). As a result, the reports generated by the administrative staff are insufficient for proper decision-making.

Recommendation: Monthly financial reports should include revenues and expenditures compared to budget for all major funds of the City as well as the existing fund balance. Fund balance should be clearly identified as to what has been previously encumbered and what is available for spending.

Management's Response: The accounting department has been behind on getting the financial statements completed each month. However, statements were provided to the Mayor and Council throughout the year as they were completed.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2019

2019-005

Capital Asset Records

Criteria	Capital Asset records should be maintained in accordance LA Revised State 24:515. Capital Asset system should capture information such as tagging numbers or identifying numbers, serial numbers, funding source, department, cost and dates of purchase.
Condition	Capital Asset accounting records do not contain tagging or serial numbers or funding source. Additionally, the records are updated only once per year through a manual process lacking efficiency and automation. Part of this is a repeat finding.
Cause	Outdated accounting systems and processes.
Effect	Without a centralized and automated process, assets may go unaccounted for.
Recommendation	The City should centralize and automate its capital asset records and include all identifying information and donated assets.
Management's Response	The City has incorporated the current fixed assets into the financial accounting system. We are also researching software and equipment to tag the fixed assets.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Responses
For the Year Ended December 31, 2019

2019-006

Documentation of Proper Calculation of Retirement Benefits

Criteria	Benefit payments should be made in accordance with plan provisions of the City of Bogalusa Employee's Retirement System (COBERS) and as set forth in Louisiana Revised Statutes RS 11.3031-3053
Condition	Of a sample of 5 retiree benefits being paid, the benefit being paid to two retirees could not be verified by recalculating the benefits paid against the plan provisions. The retiree file did not have sufficient documentation to explain the benefit calculation and the amount currently being paid. This is a repeat finding.
Cause	The current COBERS administrator and actuary was engaged after these retiree's benefit calculations were determined. The pension benefit file for these two retirees did not contain sufficient documentation to explain how the pension benefit being paid was calculated.
Effect	The City may be paying out the incorrect benefit amounts to retirees.
Recommendation	The City should require COBERS to review all pension beneficiary files to make sure the documentation exists on how the pension benefits were determined. This documentation should coincide with the current amount being paid in benefits.
Management's Response:	The City will review this issue with the COBERS administrator to ensure the correct amount of pension benefits are being paid.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

Noncompliance with laws, regulations, contracts and grant agreements

2018-001

Underfunded Retirement System

Criteria	State Law (R.S. 11:3031 – 3053) created the City of Bogalusa Employee’s Retirement System (COBERS) and provides for its administration. R.S. 11:3045(A) states, “The City shall make contributions to the system each year on an actuarially funded basis, toward the annuities and benefits herein provided.”
Condition	At June 30, 2018, the City’s sponsored defined benefit pension plan (COBERS) was severely underfunded. The funded ratio at June 30, 2018 was 16% and the net pension liability was \$22,244,773. This is a repeat finding.
Cause	The stock market decline of 2008 combined with other demographic conditions such as an aging workforce and longevity of retirement have caused required contribution levels to increase. The City’s budget has been unable to absorb these increases and therefore the increases have gone unfunded.
Effect	The assets held in trust are severely deficient of the amount needed to pay the pension benefits promised to employees over the long term.
Recommendation	The City should develop a plan to ensure that the retirement system is actuarially funded in accordance with state law.
Management’s Response	<p>The City’s pension plan, as is the case with many defined benefit plans throughout the nation, is critically underfunded.</p> <p>The City passed two rededications of sales taxes in the November 2018 election. These are effective as of 1/1/2019 and will provide an estimated \$542,000 of additional contributions to COBERS. The City is also exploring ways to reduce expenditures so more funds will be available to contribute to the system.</p>
Current Status	The City is seeking a rededication of sales taxes in 2019 that will provide approximately \$278,000 in additional contributions to COBERS.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-002

Violation of the Local Depositories Collateral Requirements

Criteria	Louisiana Revised Statute 39:1225 requires that deposits in banks be collateralized in full for the amount on deposit that exceeds the Federal Deposit Insurance Corporation (FDIC) coverage. If under-collateralized, either the bank or the city should request for the bank to pledge securities to cover the deficiency within 5 days.
Condition	The City has deposit accounts at a bank where the balance exceeded the FDIC coverage amount as of December 31, 2018. State law requires the amount of deposits that is in excess the federal insurance coverage to be collateralized in accordance with state law.
Cause	The City's bank did not have sufficient collateral pledged to cover the excess or the bank balances over the FDIC coverage as of December 31, 2018 as required by State Law. The Bank did subsequently pledge an additional amount on January 15, 2019 to cover the excess amount on deposit.
Effect	The City did not have adequate collateral in accordance with State law as of December 31, 2018.
Recommendation	The City should develop a plan to require the fiscal agent bank pledges collateral within 5 days of year end to ensure compliance with State Law.
Management's Response	We will notify the bank to comply with the State Law.
Current Status	The City had the correct amount of collateral as of December 31, 2019. Accordingly, this should not be a finding for 2019.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-003

Improper Use of Restricted Funds and Interfund Loans

Criteria	Monies in the G.O. Bond Debt Service Fund #4 are to be held in escrow to be used solely to pay principal and interest on certain bond obligations of the City.
Condition	In prior periods, the General Fund improperly borrowed from the Debt Service Funds. These funds were partly repaid; however, the net balance of these borrowings is \$179,530 at December 31, 2018. This is a repeat finding.
Cause	The City's lack of sufficient operating reserves (unassigned fund balance) caused the City to borrow funds from the G.O. Debt Service Funds when emergencies were encountered in previous years as a result of disasters.
Effect	Violation of loan agreements, state law and local ordinances
Recommendation	These loans, along with other interfund loans (or due-to-from) that have accumulated over several years, should be repaid. In order to repay these loans, the City will need to significantly reduce costs in its general fund, or raise revenues.
Management's Response	The City hopes to pay off this balance by the end of 2019.
Current Status	The General Fund repaid the Debt Service Fund in 2019. Accordingly, this will not be a finding in 2019.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-004

Violation of the Local Government Budget Act and Negative Fund Balance

Criteria	Louisiana Revised Statute 39:1311A(1-2) requires that the budget shall be amended when total revenue and other sources (including fund balance from prior years) plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more and total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
Condition(s)	Expenditures of the City's Landfill fund exceeded the budgeted amount by more than 5%. Additionally, the City's Landfill Fund and the Youth Recreation and Parks Fund had a negative fund balances of \$456,121 and \$131,056, respectively at December 31, 2018. This is a repeat finding.
Cause	The budgets are prepared using overly optimistic projections of revenues and expenditures. Expenditures in Landfill and Youth Recreation and Parks funds have exceeded revenues in those funds for several of the past years.
Effect:	The negative variance of more than five percent are a violation of Louisiana Revised State 39:1311A(1-2).
Recommendation	The City should use more realistic projections of revenues, expenditures, and available fund balances when preparing operating budgets. Additionally, the City should revisit its current budget and seek cost savings through expenditure reductions and revenue enhancements.
Management's Response	<p>The landfill expenses are more than what the City receives in tax revenue. The budgeted expenses are based on what is collected in revenue and the remainder is owed to the landfill. The City is working with the Parish to find a solution for this.</p> <p>Youth Recreation and Parks had a surplus in 2018. This reduced the fund's negative fund balance. The City hopes to continue having a surplus in the fund and eventually eliminate the negative fund balance.</p>
Current Status	<p>The City and the Parish has resolved the issues regarding the landfill. We are hopeful to eventually eliminate the negative fund balance in the next few years.</p> <p>The City eliminated the negative fund balance in Youth Recreation and Parks in 2019. Accordingly, this should not be a finding in 2019.</p>

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-005

Choctaw Road Landfill Deficit

Criteria:	Choctaw Road Landfill (the Landfill) is a joint venture between the Washington Parish Government (the Parish) and the City of Bogalusa (the City). The agreed upon percentages for sharing construction costs, revenues, and operating costs is 58.1% for the Parish and 41.9% for the City.
Condition:	It was noted during my audit that the City owes the landfill \$2,135,946; All of which is non-current. Additionally, we noted that the 5-mill ad valorem tax dedicated to the Landfill to fund the City's portion of Landfill operational costs, provided revenues of \$387,659 in 2018, while the City's share of the costs to operate the Landfill were approximately \$400,323. This is a repeat finding.
Cause:	From this information, it appears the funding with which the City relies upon to support the Landfill may no longer be sufficient to support their annual share of the Landfill's operational costs.
Effect:	If this underfunding is not addressed, this could have an impact on the operations of the Landfill and their plans to build out new cells in the near future.
Recommendation	I strongly recommend that management evaluate the effect of the City's financial situation and its potential consequences on the operations of the Landfill and develop a plan of action to mitigate any negative impact this could have on the Landfill's current and future operations and plans.
Management's Response	The economic and sociological makeup of the City and Parish have changed over the past years resulting in less advalorem taxes collected by the City to cover the costs associated with the landfill. Despite these changes, the responsibilities for each party have not changed. The City and Parish are exploring options for how to handle this lack of funding.
Current Status	The City and the Parish have resolved the issues with the Landfill and significantly reduced the amount owed. The remaining amount owed is due by March 2024.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-006

Incorrect Treatment of Old Outstanding Checks

Criteria	Louisiana Revised Statutes 9:151 <i>et seq.</i> requires that outstanding checks be sent to the Louisiana State Treasurer as unclaimed property if they are outstanding after a certain time period based on the type of check.
Condition	The City's policy is to void outstanding checks older than twelve months instead of researching why the checks have not been cashed or sending these unclaimed funds to the State Treasurer in accordance with the statute. This is a repeat finding.
Cause	The City's policy of voiding old outstanding items is not in agreement with state law.
Effect	The City is not compliant with Louisiana Revised Statutes 9:151 <i>et seq.</i>
Recommendation	The City should change its procedure and research outstanding checks to determine if a replacement check to the payee is necessary or send in the unclaimed amounts to the State Treasurer according to the Treasurer's holding periods.
Management's Response	From our understanding, the outstanding checks were due to other checks being reissued. The checks should have been voided. However, we will review all outstanding checks in 2019 and ensure that we are compliant with the Louisiana statute.
Current Status	No change from 2018.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-007

Bond Covenants

Criteria	The covenants of the Water Revenue Bonds, Series 2009 A and B, and the Revenue Refunding Bonds, the Assets, Revenue and Expenses of the water system operation are to be identified and accounted for separately.
Condition	A separate accounting for Water System Operations has not been developed. Parts of this finding are a repeat from the prior year.
Cause	The City's finance staff is not familiar with the terms of the bonds, and according to them, were misinformed by consultants regarding the need for separate accounting for the Water System Operations.
Effect	Violation of bond covenants.
Recommendation	The City should periodically review all bond covenants and ensure that the City is in compliance. Additionally, the Water and Sewer and Garbage Operations should be separated into separate funds.
Management's Response	The revenue and expenses are accounted for separately. The assets and liabilities have always been combined. We do not have the records to separate these. However, we will research this further to try to do so.
Current Status	No change from 2018.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

Internal Control Matters

2018-008

Internal financial reporting

Criteria: Financial reports provided to the mayor and the council should be complete and accurate, yet concise and straightforward enough to allow for appropriate monitoring of financial condition and decision making.

Condition: The City's internal and monthly financial reporting process did not allow for sufficient monitoring and decision making by the mayor and council. **This is a repeat finding.**

Effect: Decisions are being made without complete information.

Cause: The financial reports provide excessive detail of expenditures compared to budget for the year, but do not present the financial condition (fund balance). As a result, the reports generated by the administrative staff are insufficient for proper decision-making.

Recommendation: Monthly financial reports should include revenues and expenditures compared to budget for all major funds of the City as well as the existing fund balance. Fund balance should be clearly identified as to what has been previously encumbered and what is available for spending.

Management's Response: The accounting department has been behind on getting the financial statements completed each month. However, statements were provided to the Mayor and Council throughout the year as they were completed.

Current Status No change from 2018.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-009

Capital Asset Records

Criteria	Capital Asset records should be maintained in accordance LA Revised State 24:515. Capital Asset system should capture information such as tagging numbers or identifying numbers, serial numbers, funding source, department, cost and dates of purchase.
Condition	Capital Asset accounting records do not contain tagging or serial numbers or funding source. Additionally, the records are updated only once per year through a manual process lacking efficiency and automation. Donated assets are not formally tracked and added to the records. One such donated asset is the building that houses the local charter school; however, the City has not obtained an appraisal on this building in order to record the transaction on the financial statements. This is a repeat finding.
Cause	Outdated accounting systems and processes.
Effect	Without a centralized and automated process, assets may go unaccounted for.
Recommendation	The City should centralize and automate its capital asset records and include all identifying information and donated assets. In addition, the City should obtain an appraisal on the donated building and record the appraised value on the financial statements.
Management's Response	The City has incorporated the current fixed assets into the financial accounting system. We are also researching software and equipment to tag the fixed assets.
Current Status	No change from 2018.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

2018-010

Lease Revenue Not Being Collected

Criteria	AU Section 325 of the Professional Standards issued by the Auditing Standards Board states that internal controls should be designed to provide reasonable assurance that the entity's objectives regarding financial reporting are being met. One of the objectives is accuracy of reported revenues and expenses. Adopted policies and procedures to track monthly amounts due, preparing and sending billings or notices of the balance due and following up with collections helps accomplish this objective.
Condition	The City entered into a long term lease agreement with a tenant for a property located within its Industrial Complex. The monthly lease due is \$3,000. The tenant on this lease paid \$24,000 of the \$36,000 annual lease due leaving an unpaid balance of \$12,000 for 2018; however, the amount owed for prior years was \$72,000 with a combined total owed of \$84,000. This is a repeat finding.
Cause	The tenant is not paying the amounts due according to the terms of the lease agreement.
Effect	The City is not collecting the amount of the lease due according to the terms of the lease agreement.
Recommendation	The City should implement policies and procedures to require tenants leasing buildings in the industrial complex to pay all amounts due according to the lease agreements. Monthly invoices or statements should be sent to tenants who don't pay by the due date of the lease to remind them of the amount due each month. Further, the City should consult with its legal advisor to determine what other options are available to collect the lease revenue due.
Management's Response:	The City is aware of the balance due on this lease and is working with the tenant to receive the funds owed.
Current Status	The tenant filed for bankruptcy and is no longer leasing the property. The City received \$52,000 in 2020 towards the amount owed. We are not expecting to receive any additional funds.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

<u>2018-011</u>	Documentation of Proper Calculation of Retirement Benefits
Criteria	Benefit payments should be made in accordance with plan provisions of the City of Bogalusa Employee's Retirement System (COBERS) and as set forth in Louisiana Revised Statutes RS 11.3031-3053
Condition	Of a sample of 5 retiree benefits being paid, the benefit being paid to one retiree could not be verified by recalculating the benefits paid against the plan provisions. The retiree file did not have sufficient documentation to explain the benefit calculation and the amount currently being paid.
Cause	The current COBERS administrator and actuary was engaged after this one retiree's benefit calculation was determined. The pension benefit file for this one retiree did not contain sufficient documentation to explain how the pension benefit being paid was calculated.
Effect	The City may be paying out the incorrect benefit amounts to retirees.
Recommendation	The City should require COBERS to review all pension beneficiary files to make sure the documentation exists on how the pension benefits were determined. This documentation should coincide with the current amount being paid in benefits.
Management's Response:	The City will review this issue with the COBERS administrator and to ensure the correct amount of pension benefits are being paid.
Current Status	The actuary calculates the correct amount of pension benefits paid.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2019

Section III – Federal Award Findings and Questioned Costs

2018-012

Reporting

20.106

Department of Transportation

Criteria	The Airport Improvement Program, CFDA 20.106, requires that the SF-425, Federal Financial Report, be filed on an annual basis.
Condition	The City has failed to file this report for the program year 2016, 2017, and 2018. This is a repeat finding.
Cause	The City did not file the required report.
Effect	The City is not in compliance with the Grant Reporting Requirements. Controls over reporting are not functioning properly.
Recommendation	The City should complete and file the required reports. In addition, the City should develop policies and procedures to ensure the required report is filed timely and correctly for each program year.
Management's Response	The City believed all the forms were being filed correctly in 2018. We will ensure that the correct forms are filed in 2019.
Current Status	All required forms should have been filed in 2019.

CITY OF BOGALUSA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2019

CITY OF BOGALUSA
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2019

ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Council of
The City of Bogalusa
And the Louisiana Legislative Auditor

I have performed the procedures enumerated below, which were agreed to by The City of Bogalusa (the City or the Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exceptions noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

The procedures and associated results 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.

No exceptions noted.

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.

I performed the procedures above and noted the following exceptions:

- **No written policies over (2) how vendors are added to the vendor list and, (5) documentation required to be maintained for all bids and price quotes.**

- c) **Disbursements**, including processing, reviewing, and approving

No exceptions noted.

- d) **Receipts**, 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, agency fund forfeiture monies confirmation).

No exceptions noted.

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

No exceptions noted.

- 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.

I performed the procedures above and noted the following exceptions:

- **There are no written policies related to (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.**

- 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)

I performed the procedures above and noted the following exceptions:

- **There are no written policies related to (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.**

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

I performed the procedures above and noted the following exceptions:

- **There are no written policies related to (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers**

- 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.

I performed the procedures above and noted the following exceptions:

- **There are no written policies regarding: (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.**
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

I performed the procedures above and noted the following exceptions:

- **There are no written policies regarding: (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.**
- 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.

I performed the procedures above and noted the following exceptions:

- **There are no written policies regarding: (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.**

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.

For purposes of this procedure, I considered the frequency of Board Meetings to be in accordance with the City Charter Section 2-09.A, which states that "The Council shall meet regularly at least every other week at such times and places as the council may prescribe by resolution." I performed the procedure above and noted the following exception:

- **The Council scheduled and held 24 of the required meeting during 2019; however, one of the meetings was not able to proceed due to a lack of a quorum.**

- 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.*

I performed the procedures above and noted the following exceptions:

- **For 5 of the 12 months, the finance committee did not meet.**
 - **The finance committee minutes for the 7 meetings held during the year, reported a discussion of budget to actual comparisons but did not clearly identify the funds being discussed. For 6 of the 7 months that the finance committee did meet, the board minutes did not report that the finance committee discussed the balance sheet of the financial statements.**
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

No exceptions noted.

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:

No exceptions noted.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- 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

I performed the procedures above and noted the following exceptions:

- **The person who signed as reviewer 5 bank reconciliations selected has the ability to post ledgers.**

- 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.

I performed the procedures above and noted the following exceptions:

- **26 checks were outstanding longer than 12 months. The City of Bogalusa's has no documentation of research.**

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).

No exceptions noted.

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.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted. All employees who handle cash are bonded or covered by insurance.

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:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

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

I performed the procedures above and noted the following exceptions:

- **4 instances in which the City of Bogalusa did not maintain sequentially pre-numbered receipts.**

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

No exceptions noted.

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

No exceptions noted.

- 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).

I performed the procedures above and noted the following exceptions:

- **1 instance in which the City of Bogalusa did not retain collection documentation to determine whether or not collections were deposited within the one business day.**

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

No exceptions noted.

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

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).

No exceptions noted.

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.

No exceptions noted.

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

No exceptions noted.

- 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.

I performed the procedures above and noted the following exceptions:

- **The Accounts Payable Clerk is also responsible for processing payments and adding vendors.**

- 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.

I performed the procedures above and noted the following exceptions:

- **The Accounts Payable Clerk is also responsible for processing and mailing payments.**

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:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, I randomly selected 5 disbursements and performed the procedures below.

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

No exceptions noted.

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

I performed the procedures above and noted the following exceptions:

- 1 instance where it could not be determined if the person who initiated the purchase was different than the person who approved the purchase.
- 5 instances noted where the payment processor is responsible for adding / modifying vendor files.

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

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.

No exceptions noted.

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.]]

I performed the procedures above and noted the following exceptions:

- For the 5 credit cards tested, the monthly statement provided did not contain evidence of review by someone other than the card holder.
- Two of the statements only had the late fees and interest charges included on them so there was no receipts or further documentation indicating a review or approval.
- The 5 supporting documentation obtained for credit card statements had the following exceptions:
 - Two of the statements only had the late fees and interest charges included on them so there were no receipts or further documentation indicating a review or approval. The other three statements also had late fees and interest charges on them where no supporting documentation was provided other than the charges on the credit card statement.
 - Supporting documentation was provided for all other twelve transactions on the credit card statements. Nine of these transactions did not have evidence of review or approval. The other three had a purchase order to authorize the purchase.

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

I performed the procedures above and noted the following exceptions:

- All 5 credit card statements contained both late fees and finance charges.

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).

I performed the procedures above and noted the following exceptions:

- **There were no receipts for the 10 transactions for late fees and interest charges.**
- **I note the following exceptions on the remaining 12 transactions:**
 - **1 transaction was missing receipt**
 - **1 transaction was for meals purchases where the business purpose was indicated but the individuals participating in the meal was not listed.**
 - **8 of the transactions did not include a description of the business/public purpose of the purchase.**

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:

- 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).

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

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

No exceptions noted.

Contracts

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:

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.

No exceptions noted.

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).

No exceptions noted.

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

No exceptions noted.

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.

No exceptions noted.

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.

No exceptions noted.

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.).

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 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.:

No exceptions noted.

- 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.

No exceptions noted.

Ethics Procedure 20 was not performed as the entity did not have exceptions in this category in the prior year, or mitigating controls exist as asserted by management.

- 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.
 - 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.

Debt Service Procedures 21 and 22 were not performed as the entity did not have exceptions in this category in the prior year, or mitigating controls exist as asserted by management.

- 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.
- 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.

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.

No exceptions noted. No misappropriations were noted in the fiscal period.

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.

I performed the procedures above and noted the following exceptions:

- **The notice was not posted to the City's website.**

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Written Policies and Procedures: The City has outdated procedure manuals. We are currently looking for a third party to assist the Director of Administration in updating the policies and procedures to include all items in the AUPs.

Board or Finance Committee: The City Council meets on the 1st and 3rd Tuesday of every month. Meetings have been cancelled due to no quorums; however, it does not occur frequently.

The City provided financial statements to the Council as they were completed. These include the balance sheets, the current year income statements compared with the current year budgets, and the current year comparative income statements that include the prior year information. In addition, the Director of Administration is always available to the City Council to answer questions related to the financial statements.

Bank Reconciliations: The City only has two employees with the ability to post to the general ledger – the Accountant and the Director of Administration. These employees also prepare the bank reconciliations. Due to the limited staff, it is not possible to segregate these duties.

The City's outstanding checks are generally due to checks that need to be voided in the system because replacement checks were reissued. We will begin to research and adjust these in a timely manner.

Collections: All daily deposits made at the bank have deposits slips. Due to the numerous transactions involved, some deposits slips may not have been located.

All deposits should be made within one working day of collection and should have the required documentation to support the deposit.

Non-payroll Disbursements: Due to a limited budgeted, the City has only one employee in Accounts Payable. The City does not have the need or funds for more than one. Accordingly,

this one employee is responsible for adding vendors, processing payments, and mailing the payments. However, this employee is not allowed to sign checks. All checks require two signatures – usually one from the Finance Department (the Director of Administration or the City Clerk) and one from the Mayor’s Office (the Mayor or the Mayor’s Administrative Assistant).

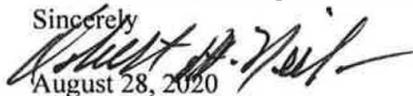
Credit Cards/Debit Cards/Fuel Cards/P-Cards: The Department Heads and the Mayor’s Administrative Assistant are the only employees with credit cards. Credit card transactions are reviewed by the Director of Administration when the payments are processed. In addition, all receipts should be provided to Accounts Payable prior to payment.

Other: The City included a link on its website that sends the user directly to the Legislative Auditor’s site to report fraud. We did not realize that it had to be on the website in another format. We will get this corrected as soon as possible.

I was 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 I performed additional procedures, other matters might have come to my 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.

Sincerely


August 28, 2020