



**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS

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September 10, 2022

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen
City of Winnfield, Louisiana

ADVERSE, QUALIFIED, AND UNMODIFIED OPINIONS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winnfield, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Winnfield's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Each Major Governmental Fund	Unmodified
Utility Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

ADVERSE OPINION ON AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Winnfield, as of June 30, 2020, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

QUALIFIED OPINION ON THE UTILITY FUND

In our opinion, except for the effects of the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions Section of our Report, the financial statements referred to above present fairly, in all material respects, the financial position of the Utility Fund of the City of Winnfield as of June 30, 2020 and 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 ON GOVERNMENTAL ACTIVITIES, BUSINESS-TYPE ACTIVITIES, EACH MAJOR GOVERNMENTAL FUND, AND AGGREGATE REMAINING FUND INFORMATION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major governmental fund, and the aggregate remaining fund information of the City of Winnfield, as of June 30, 2020, 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.

BASIS FOR ADVERSE, QUALIFIED, AND UNMODIFIED OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Winnfield, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified audit opinions.

MATTERS GIVING RISE TO ADVERSE OPINION ON THE AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS

The financial statements do not include financial data for the City of Winnfield's legally separate component units. 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 of Winnfield's primary government unless the City of Winnfield also issues financial statements for the financial reporting entity that include the financial data for its component units. The City of Winnfield has not issued such reporting entity financial statements. The effects of not including the City of Winnfield's legally separate component units on the aggregate discretely presented component units has not been determined.

MATTERS GIVING RISE TO THE QUALIFIED OPINION ON THE UTILITY FUND

The City of Winnfield has specific, identifiable revenue streams in the utility fund which are pledged in support of different revenue bonds, called segments. Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. Management has not presented this segment information as a disclosure in the notes to the financial statements. The amount by which this departure would affect the assets, deferred inflows and deferred outflows, liabilities, and net position has not been determined.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Winnfield's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Winnfield's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Winnfield's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Changes in Net OPEB Liability
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

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

SUPPLEMENTARY INFORMATION

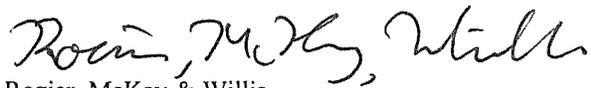
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winnfield's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and is not a required part of the basic financial statements:

- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2022, on our consideration of the City of Winnfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Winnfield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Winnfield's internal control over financial reporting and compliance.



Rozier, McKay & Willis
Certified Public Accountants
September 10, 2022

City of Winnfield

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

This section of the City of Winnfield's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2020.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the City's utility services. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

A comparative analysis of government-wide financial data is presented as follows:

City of Winnfield

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

	<u>For the Year Ended June 30, 2020</u>			<u>For the Year Ended June 30, 2019</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
<u>Assets:</u>				
Current and Other Assets	\$ 4,357,202	\$ 3,855,640	\$ 8,212,842	\$ 7,598,066
Internal Balances	----	----	----	----
Capital Assets	5,749,829	16,687,790	22,437,619	23,327,815
Total Assets	10,107,031	20,543,430	30,650,461	30,925,881
Deferred Outflow of Resources	925,940	366,269	1,292,209	1,160,444
<u>Liabilities:</u>				
Current and Other Liabilities	219,032	775,146	994,178	1,588,023
Long-term Liabilities	3,151,229	8,966,373	12,117,602	12,598,221
Total Liabilities	3,370,261	9,741,519	13,111,780	14,186,244
Deferred Inflow of Resources	700,857	115,634	816,491	540,310
<u>Net Position:</u>				
Invested in Capital Assets (Net)	5,621,839	8,916,574	14,538,413	14,761,159
Restricted	419	1,686,119	1,686,538	1,327,538
Unrestricted	1,339,595	449,853	1,789,448	1,271,074
Total Net Position	\$ 6,961,853	\$ 11,052,546	\$ 18,014,399	\$ 17,359,771

As the presentation appearing above demonstrates, most of the City's net position is invested in capital assets (80.70%). Net position invested in capital assets consists of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. An additional portion of the City's net position (9.36%) represents resources that are subject to restrictions that are imposed by agreements with the City's bondholders. The remainder of the City's net position is unrestricted (9.93%).

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

City of Winnfield

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

	For the Year Ended June 30, 2020			For the
	Govern- mental Activities	Business- Type Activities	Total	Year Ended June 30, 2019
Revenues:				
Program Revenue:				
Charges for Services	\$ 171,635	\$ 7,976,283	\$ 8,147,918	\$ 7,979,587
Operating Grants and Contributions	124,640	----	124,640	606,489
Capital Grants and Contributions	----	----	----	12,136
General Revenue:				
Property Taxes	207,387	----	207,387	181,142
Sales Taxes	2,350,533	----	2,350,533	1,306,489
Hotel Motel Tax	51,272	----	51,272	87,780
Franchise Fees	39,489	----	39,489	55,344
Occupational Licenses	241,257	----	241,257	249,471
Other	191,944	12,992	204,936	2,041,370
Total Revenue	3,378,157	7,989,275	11,367,432	12,519,808
Program Expenses:				
General Government	1,413,518	----	1,413,518	1,064,743
Public Safety				
Police Department	1,446,177	----	1,446,177	1,344,223
Fire Department	640,812	----	640,812	----
Public Works	898,069	----	898,069	309,456
Health & Welfare	16,605	----	16,605	----
Culture and Recreation	421,726	----	421,726	356,048
Utility Service	----	5,461,762	5,461,762	8,355,541
Other	7,883	289,818	297,701	197,624
Total Expenses	4,844,790	5,751,580	10,596,370	11,627,635
Increase in Net Position Before				
Transfers and Special Items	(1,466,633)	2,237,695	771,062	892,173
Transfers	2,380,916	(2,380,916)	----	----
Change in Net Position	914,283	(143,221)	771,062	892,173
Net Position Beginning				
As Originally Reported	6,047,570	11,312,201	17,359,771	16,467,598
Prior Period Adjustment	----	(116,434)	(116,434)	----
As Restated	6,047,570	11,195,767	17,243,337	16,467,598
Net Position Ending	\$ 6,961,853	\$ 11,052,546	\$ 18,014,399	\$ 17,359,771

Governmental activities increased the City's net position by \$914,283. This increase is primarily due to transfers in the current year.

Business-type activities decreased the City's net position by \$143,221, due primarily to the effects of recognizing depreciation, and the transfer of resources to support the City's governmental activities.

City of Winnfield

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

An analysis of significant matters affecting the City's funds is presented as follows:

- The City's governmental funds reported a combined fund balance of \$4,138,170 which represents an increase of \$1,016,567 in comparison to the previous balance.
- The City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$1,249,106. The general fund balance increased by \$270,674 in the current year.
- Amounts reported for business-type activities in the City's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The City's general fund and sales tax funds are required to adopt an annual budget and the budgets are amended as necessary. In the current year, no budget amendments were adopted. General Fund budget variances for revenues and other sources were not within the range allowed by Louisiana Revised Statutes.

CAPITAL ASSET ADMINISTRATION

Highlights of the City's capital asset administration are provided as follows:

- Equipment purchases included new vehicles necessary to replace existing equipment that was retired as a result of ordinary wear.
- The City declared several projects substantially complete, including upgrades to the City's water and electric distribution system.

DEBT ADMINISTRATION

The City's borrowing activities were limited to paying installments due on existing obligations, and the assumption of an installment purchase agreement.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

At the present time, no events or conditions have been identified that are expected to have a significant influence on future operations.

City of Winnfield

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,140,395	\$ 475,197	\$ 4,615,592
Receivables (Net)	216,807	1,239,231	1,456,038
Restricted Assets			
Cash	-	1,992,229	1,992,229
Investments	-	148,983	148,983
Capital Assets			
Non Depreciable Capital Assets	381,134	115,158	496,292
Depreciable Capital Assets, Net	<u>5,368,695</u>	<u>16,572,632</u>	<u>21,941,327</u>
Total Assets	<u>10,107,031</u>	<u>20,543,430</u>	<u>30,650,461</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Funding Deferrals	925,940	366,269	1,292,209
OPEB Funding Deferrals	-	-	-
Total Deferred Outflows	<u>925,940</u>	<u>366,269</u>	<u>1,292,209</u>
<u>LIABILITIES</u>			
Accounts Payable	145,823	295,869	441,692
Accrued Expenses	61,223	19,715	80,938
Accrued Interest Payable from Restricted Assets	-	22,492	22,492
Deposits Due Others	-	437,070	437,070
Other Current Liabilities	11,986	-	11,986
Long-Term Liabilities			
Compensated Absences	125,266	48,999	174,265
Net Other Post Employment Benefits	79,886	84,668	164,554
Net Pension Liability	2,818,087	1,061,490	3,879,577
Long-Term Debt			
Due Within One Year	44,469	283,618	328,087
Due in More than One Year	<u>83,521</u>	<u>7,487,598</u>	<u>7,571,119</u>
Total Liabilities	<u>3,370,261</u>	<u>9,741,519</u>	<u>13,111,780</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Funding Deferrals	540,707	70,379	611,086
OPEB Funding Deferrals	160,150	45,255	205,405
Total deferred inflows	<u>700,857</u>	<u>115,634</u>	<u>816,491</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	5,621,839	8,916,574	14,538,413
Restricted:			
Debt Service	-	1,686,119	1,686,119
Capital Projects and Equipment Acquisition	419	-	419
Unrestricted	<u>1,339,595</u>	<u>449,853</u>	<u>1,789,448</u>
Total Net Position	<u>\$ 6,961,853</u>	<u>\$ 11,052,546</u>	<u>\$ 18,014,399</u>

The accompanying notes are an integral part of the financial statements.

City of Winnfield

STATEMENT OF ACTIVITIES **Year Ended June 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants & Contributions</u>	
<u>Governmental Activities:</u>					
General Government					
City Administration	\$ 1,413,518	\$ 2,825	\$ 23,373	\$ -	\$ (1,387,320)
Public Safety					
Police Department	1,446,177	62,728	55,250	-	(1,328,199)
Fire Department	640,812	19,399	46,017	-	(575,396)
Public Works					
Street and Drainage	414,756	57,222	-	-	(357,534)
Sanitation	430,908	-	-	-	(430,908)
Code Enforcement	52,405	-	-	-	(52,405)
Health & Welfare					
Impounding	16,605	-	-	-	(16,605)
Culture & Recreation					
Recreation Department	421,726	29,461	-	-	(392,265)
Interest on Long-Term Debt	7,883	-	-	-	(7,883)
Total Governmental Activities	<u>4,844,790</u>	<u>171,635</u>	<u>124,640</u>	<u>-</u>	<u>(4,548,515)</u>
<u>Business-Type Activities:</u>					
Electric	3,681,941	5,676,009	-	-	1,994,068
Water	831,958	1,094,254	-	-	262,296
Sewer	541,307	664,544	-	-	123,237
Utility Administration	406,556	541,476	-	-	134,920
Interest on Long Term Debt	289,818	-	-	-	(289,818)
Total Business-Type Activities	<u>5,751,580</u>	<u>7,976,283</u>	<u>-</u>	<u>-</u>	<u>2,224,703</u>
Total	<u>\$ 10,596,370</u>	<u>\$ 8,147,918</u>	<u>\$ 124,640</u>	<u>\$ -</u>	<u>\$ (2,323,812)</u>

The accompanying notes are an integral part of the financial statements.

City of Winnfield

STATEMENT OF ACTIVITIES (Continued)

Year Ended June 30, 2020

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (4,548,515)	\$ 2,224,703	\$ (2,323,812)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	207,387	-	207,387
Sales	2,350,533	-	2,350,533
Hotel Motel Tax	51,272	-	51,272
Licenses & Permits			
Franchise Fees	39,489	-	39,489
Occupational Licenses	241,257	-	241,257
Interest Income	4,077	12,992	17,069
Other	187,867	-	187,867
Transfers	2,380,916	(2,380,916)	-
Total General Revenues, Special Items and Transfers	5,462,798	(2,367,924)	3,094,874
Change in Net Position	914,283	(143,221)	771,062
Net Position - Beginning			
As Previously Reported	6,047,570	11,312,201	17,359,771
Prior Period Adjustment	-	(116,434)	(116,434)
As Restated	6,047,570	11,195,767	17,243,337
Net Position Ending	\$ 6,961,853	\$ 11,052,546	\$ 18,014,399

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Balance Sheet Governmental Funds - June 30, 2020

	General Fund	Dedicated Sales Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,383,691	\$ 2,756,285	\$ 419	\$ 4,140,395
Receivables (net)	84,447	132,360	-	216,807
Total assets	<u>1,468,138</u>	<u>2,888,645</u>	<u>419</u>	<u>4,357,202</u>
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts Payable	145,823	-	-	145,823
Accrued Expenses	61,223	-	-	61,223
Other Payables	11,986	-	-	11,986
Total liabilities	<u>219,032</u>	<u>-</u>	<u>-</u>	<u>219,032</u>
<u>Fund Balance</u>				
Restricted For:				
Capital Improvements	-	-	419	419
Committed		2,888,645	-	2,888,645
Unassigned	1,249,106	-	-	1,249,106
Total Fund Balances	<u>1,249,106</u>	<u>2,888,645</u>	<u>419</u>	<u>4,138,170</u>
Total Liabilities and Fund Balance	<u>\$ 1,468,138</u>	<u>\$ 2,888,645</u>	<u>\$ 419</u>	<u>\$ 4,357,202</u>

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

Year Ended June 30, 2020

Total Fund Balances - Governmental Funds	\$ 4,138,170
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(3,151,229)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(700,857)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,749,829
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>925,940</u>
Net Position of Governmental Activities	<u>\$ 6,961,853</u>

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2020

	General	Dedicated	Other	Total
	Fund	Sales Tax	Governmental	Governmental
			Funds	Funds
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 207,387	\$ -	\$ -	\$ 207,387
Sales	827,557	1,522,976	-	2,350,533
Hotel Motel Tax	51,272	-	-	51,272
Licenses & Permits:				
Franchise Fees	39,489	-	-	39,489
Occupational Licenses	241,257	-	-	241,257
Intergovernmental	143,974	-	-	143,974
Fines and Forfeitures	8,260	-	-	8,260
Interest Income	1,661	2,416	-	4,077
Other	331,909	-	-	331,909
Total Revenues	1,852,766	1,525,392	-	3,378,158
<u>Expenditures:</u>				
Current:				
General Government				
City Hall Administration	1,296,129	-	-	1,296,129
Public Safety				
Police Department	1,406,237	-	-	1,406,237
Fire Department	636,240	-	-	636,240
Public Works				
Streets and Drainage	315,589	-	-	315,589
Sanitation	435,636	-	-	435,636
Code Enforcement	53,064	-	-	53,064
Culture & Recreation				
Recreation Department	362,668	-	-	362,668
Health & Welfare				
Impounding	14,206	-	-	14,206
Capital Expenditures	256,465	-	-	256,465
Debt Service	66,800	-	-	66,800
Total Expenditures	4,843,034	-	-	4,843,034
Excess (Deficiency) of Revenues Over Expenditures	(2,990,268)	1,525,392	-	(1,464,876)

The accompanying notes are an integral part of the financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Year Ended June 30, 2020**

	General Fund	Dedicated 1% Sales Tax	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(2,990,268)	1,525,392	-	(1,464,876)
<u>Other Financing Sources (Uses):</u>				
Proceeds From Long-Term Debt	100,527	-	-	100,527
Operating Transfers In	3,160,415	-	-	3,160,415
Operating Transfers Out	<u>-</u>	<u>(779,499)</u>	<u>-</u>	<u>(779,499)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	270,674	745,893	-	1,016,567
Fund Balance (Deficit) - Beginning of Year	<u>978,432</u>	<u>2,142,752</u>	<u>419</u>	<u>3,121,603</u>
Fund Balance (Deficit) - End of Year	<u>\$ 1,249,106</u>	<u>\$ 2,888,645</u>	<u>\$ 419</u>	<u>\$ 4,138,170</u>

The accompanying notes are an integral part of the financial statements.

City of Winnfield

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

Year Ended June 30, 2020

Net change in fund balances of Governmental Funds	\$ 1,016,567
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. The effect of capital expenditures and depreciation are presented as follows:	
Capital Expenditures	256,465
Depreciation	(473,153)
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.	
Proceeds on Long-Term Debt	(100,527)
Repayment of Long-Term Debt	58,917
Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences paid exceed amounts earned in the current period.	91,135
Changes in total OPEB Liability and deferred inflows and outflows in accordance with GASB 75	26,952
Changes in net pension liability and deferred inflows and outflows in accordance with GASB 68	<u>37,927</u>
Change in net position of governmental activities	<u>\$ 914,283</u>

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Statement of Net Position

Proprietary Funds - June 30, 2020

	Business-Type Activities Enterprise Funds Utility System
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 475,197
Receivables (Net)	1,239,231
Total Current Assets	1,714,428
Restricted Assets:	
Cash and Cash Equivalents	1,992,229
Investments	148,983
Noncurrent Assets:	
Non Depreciable Capital Assets	115,158
Depreciable Capital Assets, Net	16,572,632
Total Assets	20,543,430
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pension Funding Deferrals	366,269
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	295,869
Accrued Expenses	19,715
Compensated Absences	48,999
Deposits Due Others	437,070
Total Current Liabilities	801,653
Liabilities Payable From Restricted Assets:	
Accrued Interest Payable from Restricted Assets	22,492
Current Portion of Long-Term Debt	283,618
Noncurrent Liabilities:	
Other Post Employment Benefits	84,668
Net Pension Liability	1,061,490
Long-Term Debt	7,487,598
Total Liabilities	9,741,519
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Pension Funding Deferrals	70,379
OPEB Funding Deferrals	45,255
Total Deferred Inflows	115,634
<u>NET POSITION:</u>	
Invested in Capital Assets, Net of Related Debt	8,916,574
Restricted for Debt Service	1,686,119
Unrestricted	449,853
Total Net Position	\$ 11,052,546

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - June 30, 2020

	Business-Type Activities Enterprise Funds Utility System
<u>Operating Revenues</u>	
Service Fees	
Water Sales	\$ 1,094,254
Sewer Service Fees	664,544
Electricity Sales	5,676,009
Other Revenues	541,476
Total Operating Revenues	7,976,283
<u>Operating Expenses</u>	
Electric Department	3,681,941
Water Department	831,958
Sewer Department	541,307
Utility Administration	406,556
Other	-
Total Operating Expenses	5,461,762
Operating Income (Loss)	2,514,521
<u>Nonoperating Revenues (Expenses)</u>	
Interest Revenue	12,992
Interest Expense	(289,818)
Change in Net Position Before Contributions and Transfers	2,237,695
<u>Contributions and Transfers</u>	
Operating Transfers Out	(2,380,916)
Change in Net Position	(143,221)
Net Position - Beginning	
As Originally Reported	11,312,201
Prior Period Adjustment	(116,434)
As Restated	11,195,767
Total Net Position - Ending	\$ 11,052,546

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds Utility System
<u>Cash Flow from Operating Activities</u>	
Cash Received from Customers	\$ 8,071,371
Cash Payments to Suppliers of Goods and Services	(4,388,593)
Cash Payments to Employees for Services	(537,418)
Net Cash Provided (used) by Operating Activities	<u>3,145,360</u>
<u>Cash Flows From Non-Capital Financing Activities</u>	
Change in Interfund Balances	(29,470)
Operating Transfers In	-
Operating Transfers Out	(2,380,916)
Net Cash Provided (used) by Non-Capital Financing Activities	<u>(2,410,386)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principle Paid on Revenue Bonds	(709,057)
Interest Paid on Debt Instruments	(267,325)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(976,382)</u>
<u>Cash Flows from Investing Activities</u>	
Interest and Other Income	12,992
Sale of Securities	97,436
Net Cash Provided (used) by Investing Activities	<u>110,428</u>
Net Increase (Decrease) in Cash	(130,980)
Beginning Cash Balance	<u>2,598,406</u>
Ending Cash Balance	2,467,426
Restricted Cash and Cash Equivalents	<u>1,992,229</u>
Cash and Cash Equivalents	<u>\$ 475,197</u>

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2020

	<u>Business-Type Activities</u> <u>Enterprise Funds</u> <u>Utility System</u>	
<u>Reconciliation of Operating Income (Loss) to</u>		
<u>Net Cash Provided (Used) by Operating Activities</u>		
Operating Income (Loss)	\$	2,514,521
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation		673,506
(Increase) Decrease in Accounts Receivable		85,094
(Increase) Decrease in Other Assets		6,345
(Decrease) Increase in Accounts and Other Payables		(28,127)
(Decrease) Increase in Accrued Expenses		(2,993)
(Decrease) Increase in Accrued Payroll		(120,789)
(Decrease) Increase in Compensated Absences		(12,902)
(Decrease) Increase in Net Pension Liabilities and Other Post Employment Benefits		20,711
(Decrease) Increase in Meter Deposits		<u>9,994</u>
Net Cash Provided (Used) by Operating Activities	\$	<u>3,145,360</u>

Supplemental disclosures of cash flow information:

During the year ended June 30, 2020 there were no operating, financing, or investing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

City of Winnfield

Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Winnfield (the City) was incorporated under the provisions of the Lawrason Act in June of 1902. The City is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the City include police protection, fire protection, street maintenance, drainage, recreation and sanitation. The City also operates a water distribution system, a sewer system, and an electrical distribution system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

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

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the City of Winnfield for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Standards set forth criteria to be considered in determining financial accountability as follows:

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

Based on the criteria presented above, the City has determined that the following component units are part of the City's reporting entity. Separately issued financial statements for these component units can typically be obtained on the internet at www.la.state.la.us.

- Winnfield City Court
- Winnfield City Marshal

The accompanying financial statements are not intended to present financial position, and results of operation for the reporting entity as a whole. Discretely presented component units have been omitted from the accompanying financial statements. Due to the absence of component unit data, the financial statements do not address the entire reporting entity as required by generally accepted accounting principles.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

City of Winnfield

Notes to Financial Statements

June 30, 2020

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

Major Governmental Funds

General Fund – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Dedicated 1% Sales Tax – The sales tax fund is a special revenue fund used to account for the proceeds of a 1% sales tax subject to commitments imposed by the governing body that is described in Note 5.

Major Business-Type Funds

Utility System – The utility fund is used to account for the operation of the City's water, electric distribution, and sewer system, which are supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water, sewer service and electricity.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

City of Winnfield

Notes to Financial Statements

June 30, 2020

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure of funds. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure of funds.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Budget Practices:

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. City budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City. As required by Governmental Accounting Standards, the City has retroactively capitalized infrastructure acquired after a certain date. Infrastructure capitalized retroactively includes streets, sidewalks, bridges, and drainage improvements.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

City of Winnfield

Notes to Financial Statements

June 30, 2020

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit held by local fiscal agents and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature within a short frame of time.

Internal Activity:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Investments

The City may invest in United States Bonds, Treasury Notes, Time Certificates of Deposit of any bank domiciled or having a branch in the State of Louisiana, investments as stipulated in state law, or any other federally insured investments. Investments consist of amounts held in such securities, which are stated at fair value.

Compensated Absences

Full time and regular part-time employees earn vacation at rates that vary depending on length of service and civil service classification. Unused vacation that employees are allowed to carry forward is reported as a liability. In addition, employees with at least 20 years of service are entitled to a vested interest in sick leave, subject to certain limitations. The portion of the liability for compensated absences attributable to governmental funds and activities is typically liquidated by the general fund.

Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the City typically depletes the available restricted or committed resources before consuming unrestricted resources.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended June 30, 2020 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 1,542,609	\$ 1,542,609
Franchise Taxes	6,946	----	6,946
Hotel Motel Tax	4,286	----	4,286
Other	8,062	----	8,062
Total Accounts Receivable	<u>19,294</u>	<u>1,542,609</u>	<u>1,561,903</u>
<u>Due From Other Governmental Units</u>			
Sales Tax	<u>197,513</u>	<u>----</u>	<u>197,513</u>
Total Due From Other Governments	<u>197,513</u>	<u>----</u>	<u>197,513</u>

City of Winnfield

Notes to Financial Statements

June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Receivables	216,807	1,542,609	1,759,416
Allowance for Doubtful Accounts	----	(303,378)	(303,378)
Receivables (Net)	<u>\$ 216,807</u>	<u>\$ 1,239,231</u>	<u>\$ 1,456,038</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2020, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 4,138,882	\$ 2,360,466	\$ 6,499,348
Cash Equivalents	----	103,460	103,460
Petty Cash	1,513	3,500	5,013
Total Cash and Equivalents	4,140,395	2,467,426	6,607,821
Restricted Cash and Equivalents	----	1,992,229	1,992,229
Cash and Cash Equivalents	<u>\$ 4,140,395</u>	<u>\$ 475,197</u>	<u>\$ 4,615,592</u>

Cash Deposited in Banks

Cash deposited in banks is stated at cost, which approximates market. At June 30, 2020, the City had \$6,499,347 in deposits (\$6,787,174 collected bank balance). These deposits are secured from risk by \$348,518 of federal deposit insurance, \$4,201,800 of pledged securities held by the custodial bank in the name of the fiscal agent bank, and an irrevocable standby letter of credit from the Federal Home Loan Bank of Dallas in the amount of \$3,500,000.

Cash Equivalents

Cash equivalents consist of cash held in regulated investment accounts subject to coverage from the Security Investor Protection Corporation.

NOTE 4 – INVESTMENT SECURITIES:

Investments held at year end are summarized as follows:

	Total Investments	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U. S. Government Mortgage-Backed Securities	\$ 41,646	\$ ----	\$ 41,646	\$ ----
Certificates of Deposit – Goldman Sachs Bank	107,337	----	107,337	----
Total	<u>\$ 148,983</u>	<u>\$ ----</u>	<u>\$ 148,983</u>	<u>\$ ----</u>

City of Winnfield

Notes to Financial Statements

June 30, 2020

Securities classified in Level 2 of the fair value hierarchy are valued using evaluations, which may be matrix or model-based techniques. These estimates are obtained from various sources and assume normal market conditions and transaction volumes.

Credit Risk

The City typically manages credit risk by limiting investments to securities that are guaranteed by the United States government or agencies of the United States government. Information regarding credit risk is provided as follows:

- U. S. Agency Mortgage Backed Securities consist entirely of instruments issued by the Government National Mortgage Association (GNMA). The GNMA securities are guaranteed by the full faith and credit of the United States government. The remaining Mortgage-Backed Securities are guaranteed by agencies chartered by the United States government and are not subject to rating agency evaluations.
- Certificates of deposit are insured by the Federal Deposit Insurance Corporation and are not subject to rating agency evaluations.

Interest Rate Risk

Interest rate risk refers to exposure to fair value losses arising from increasing interest rates. Interest rate risks for various types of securities are analyzed as follows:

- Mortgage-backed securities mature in monthly installments that are based on the payment history associated with underlying pools of single-family home mortgages. Since the payment history is influenced by prepayment of mortgage obligations, it is not practical to provide a maturity schedule associated with the mortgage-backed securities. Furthermore, interest rate risk associated with restricted mortgage-backed securities held by various bond indentures is offset by the terms of bond issues that finance the acquisition of mortgage-backed securities. Since the bond issues provide access to funds needed for investment at fixed rates, any financial impact from unfavorable changes in interest rates is minimized.
- Interest rate risk associated with Certificates of Deposit increase in proportion to the length of time to maturity. Maturity schedules associated with these investment securities are presented as follows:

	Fair Value	Investment Maturities (In Years)			More Then 10
		Less Then 1	1 – 5	6 – 10	
Certificates of Deposit	107,337	----	107,337	----	----

NOTE 5 - LONG-TERM DEBT

Debt attributable to the acquisition of the City's utility system and the operation of the utility system is reported as an obligation of the City's business-type enterprise funds. Remaining debts are reported as governmental activities. The City's debts are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Installment Purchase Agreement	\$ 127,990	\$ 256,988	\$ 384,978
Revenue Bonds	----	7,514,228	7,514,228
Total Long-term Debt	127,990	7,771,216	7,899,206
Due Within One Year	44,469	283,618	328,087
Due in More Than One Year	\$ 83,521	\$ 7,487,598	\$ 7,571,119

City of Winnfield

Notes to Financial Statements

June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Installment Purchase Agreements	\$ 86,381	\$ 100,526	\$ 58,917	\$ 127,990
Total Governmental Activities	<u>86,381</u>	<u>100,526</u>	<u>58,917</u>	<u>127,990</u>
<u>Business-Type Activities</u>				
Installment Purchase Agreements	287,044	----	30,056	256,988
Revenue Bonds	8,193,228	----	679,000	7,514,228
Total Business-Type Activities	<u>8,480,272</u>	<u>----</u>	<u>709,056</u>	<u>7,771,216</u>
Total Long-term Debts	<u>\$ 8,566,653</u>	<u>\$ 100,526</u>	<u>\$ 767,973</u>	<u>\$ 7,899,206</u>

Installment Purchase Agreements

The City has executed installment purchase agreements to finance the acquisition of various pieces of equipment, and a utility billing office. Terms of the agreements are described as follows:

\$81,136 Installment Purchase Agreement to purchase a 22' Diesel Dry Van payable in 120 monthly installments of \$1,272 including interest based on a rate of 8.319%, with the final installment due June of 2024.	\$ 51,795
\$100,526 Installment Purchase Agreement to purchase a John Deere Tractor payable in 36 monthly installments of \$2,945 including interest based on a rate of 3.25%, with the final installment due in August 16, 2027.	76,195
\$250,000 Installment Purchase Agreement for the purchase of the City's Utility Billing Office payable in 180 monthly installments of \$1,912 including interest based on a rate of 4.50%, with the final installment due in September of 2030.	186,962
\$100,526 Installment Purchase Agreement for a bucket truck payable in 5 yearly installments of \$19,278 including interest based on a rate of 3.97%, with the final installment due in October of 2023.	<u>70,026</u>
Total Installment Agreements	<u>\$ 384,978</u>

Revenue Bonds

The City has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at June 30, 2020 are described as follows:

\$4,000,000 Electric Revenue Bonds Series 2014, bearing various interest rates. The bonds mature serially on July 1 st of each year in amounts ranging from \$150,000 to \$305,000. Final maturity is scheduled for July 1, 2034, unless the City elects to redeem the bonds prior to maturity.	\$ 3,175,000
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City of Winnfield

Notes to Financial Statements

June 30, 2020

\$2,000,000 Electric Revenue Bonds Series 2015, bearing various interest rates. The bonds mature serially on July 1 st of each year in amounts ranging from \$85,000 to \$150,000. Final maturity is scheduled for July 1, 2034, unless the City elects to redeem the bonds prior to maturity	1,585,000
\$1,250,000 Sewer Revenue Bonds Series 2007 (DEQ), bearing interest at 2.45%. The bonds mature serially on April 1 st of each year in amounts ranging from \$47,000 to \$80,000. Final maturity is scheduled for May 1, 2028, unless the City elects to redeem the bonds prior to maturity.	586,404
Sewer Revenue Bonds Series 2007, bearing interest at a rate of 0.45%. The face value of the bonds is available to reimburse construction certain construction costs and as of June 30, 2020 \$903,282 has been collected. The bonds mature serially on April 1 st of each year, and if the entire loan is utilized, the principal payments will range from \$61,000 to \$81,000 Final maturity is scheduled for April 1, 2033, unless the City elects to redeem the bonds prior to maturity.	842,282
\$1,750,000 Water Revenue Bonds Series 2012, bearing interest at 2.95%. The bonds mature serially on February 1 st of each year in amounts ranging from \$77,000 to \$119,000. Final maturity is scheduled for February of 2033, unless the City elects to redeem the bonds prior to maturity.	1,279,000
Water Revenue Bonds Series 2018, bearing interest at a rate of 1.95%. The face value of the bonds is available to reimburse construction certain construction costs and as of June 30, 2020 \$48,542 had been collected. The bonds mature serially on February 1 st of each year.	<u>46,542</u>
Total Revenue Bonds	<u>\$ 7,514,228</u>

Maturity of Long-term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended June 30th</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>	<u>Principal Installments</u>	<u>Interest</u>
2021	\$ 44,469	\$ 6,143	\$ 283,618	\$ 166,193
2022	46,698	3,914	506,617	258,255
2023	22,222	1,882	524,008	245,745
2024	14,601	667	545,459	232,034
2025	----	----	543,694	213,148
2026 – 2030	----	----	2,864,842	818,232
2031 - 2035	----	----	2,502,978	297,612
Total	<u>\$ 127,990</u>	<u>\$ 12,606</u>	<u>\$ 7,771,216</u>	<u>\$ 2,231,219</u>

NOTE 6 – TAXES:

Details related to ad valorem and sales taxes are described as follows:

City of Winnfield

Notes to Financial Statements

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Ad Valorem Taxes:

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Winn Parish. For the year ended June 30, 2020, the City levied ad valorem taxes as follows:

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	7.39

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

Sales Taxes:

Sales taxes are collected either by the Winn Parish School Board, and remitted to the City on a monthly basis. For the year ended June 30, 2020 the City has levied sales taxes as follows:

<u>Description</u>	<u>Percentage Levied</u>
Levied per proposition approved by the citizens of Winnfield authorizing a one percent (1%) sales tax to be allocated first to the Parish (60%), while the City receives the remainder. (40%). The City's portion can be used for solid waste collection and disposal, operation and maintenance of the Waste Compaction station, or for providing any municipal service.	1.0%
Levied per proposition approved by the citizens of Winnfield authorizing a one- and one-half cent sales tax, with the proceeds to be dedicated for the purpose of providing funds for the sewer treatment, solid waste landfill, capital improvements including streets, drainage, and sanitation, and for the additional purpose of providing funds for any other lawful purpose of the City. While Revenue from this sales tax is not restricted, the City has elected to account for it within a special revenue fund, as the proceeds are committed to various purposes.	1.5%

NOTE 7 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non-Depreciable Capital Assets				
Land	\$ 381,134	\$ ----	\$ ----	\$ 381,134
Construction in Process	----	----	----	----
Total	<u>381,134</u>	<u>----</u>	<u>----</u>	<u>381,134</u>

City of Winnfield

Notes to Financial Statements

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Depreciable Capital Assets				
Buildings and Improvements	7,883,005	21,600	----	7,904,605
Furniture, Fixtures and Equipment	851,204	----	----	851,204
Vehicles and Automobiles	1,607,945	234,865	----	1,842,810
Infrastructure	41,329,605	----	----	41,329,605
Accumulated Depreciation	(46,084,750)	(474,779)	----	(46,559,529)
Total	<u>5,587,009</u>	<u>(218,314)</u>	<u>----</u>	<u>5,368,695</u>
Total Governmental Activities	<u>\$ 5,968,143</u>	<u>\$ (218,314)</u>	<u>\$ ----</u>	<u>\$ 5,749,829</u>
<u>Business-Type Activities</u>				
Non-Depreciable Capital Assets				
Land	\$ 54,480	\$ ----	\$ ----	\$ 54,480
Construction in Process	7,295,663	----	(7,234,985)	60,678
Total Non-Depreciable	<u>7,350,143</u>	<u>----</u>	<u>(7,234,985)</u>	<u>115,158</u>
Depreciable Capital Assets				
Electric System and Equipment	4,639,881	5,985,839	----	10,625,720
Water System and Equipment	13,124,979	1,249,146	----	14,374,125
Wastewater System and Equipment	8,518,869	----	----	8,518,869
Utility Administration	393,394	----	----	393,394
Accumulated Depreciation	(16,665,970)	(673,506)	----	(17,339,476)
Total	<u>10,011,153</u>	<u>6,561,479</u>	<u>----</u>	<u>16,572,632</u>
Total Business-Type Activities	<u>\$ 17,361,296</u>	<u>\$ 6,561,479</u>	<u>\$ (7,234,985)</u>	<u>\$ 16,687,790</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
City Administration	\$ 154,028	\$ ----	\$ 154,028
Police Department	72,641	----	72,641
Fire Department	43,507	----	43,507
Streets and Drainage	122,256	----	122,256
Culture and Recreation	80,134	----	80,134
Health & Welfare (Impounding)	2,213	----	2,213
Electric Distribution	----	170,858	170,858
Water System	----	295,769	295,769
Wastewater System	----	190,084	190,084
Utility Administration	----	16,795	16,795
Total Depreciation Expense	<u>\$ 474,779</u>	<u>\$ 673,506</u>	<u>\$ 1,148,284</u>

NOTE 8 – ACCOUNTS PAYABLES

Amounts reported as accounts payable are composed entirely of invoices payable to vendors.

City of Winnfield

Notes to Financial Statements

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NOTE 9- RISK MANAGEMENT

The City is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 10 - RESTRICTED RESOURCES

The City's net position is subject to restrictions described as follows:

- Bond covenants require the City to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.
- The City received funds subject to the requirement that these resources be used to build a specific capital project.

In addition to the restrictions above, the City Council designated sales tax collections for certain purposes. These amounts have been reported as committed fund balance, as the amount is constrained to specific purposes by the City itself.

NOTE 11 – PENSION PLANS:

Substantially all City employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. A summary of amounts reported in connection with participation in these plans is summarized as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 2,718,825	\$ 915,554	\$ 175,924
Firefighters' Retirement System of Louisiana	654,839	216,856	71,570
Municipal Police Employees' Retirement System of Louisiana	<u>505,913</u>	<u>159,799</u>	<u>363,592</u>
Total	3,879,577	1,292,209	611,086
Portion Applicable to Business Type Activities	<u>1,061,490</u>	<u>366,269</u>	<u>70,379</u>
Portion Applicable to Government Type Activities	<u>\$ 2,818,087</u>	<u>\$ 925,940</u>	<u>\$ 540,707</u>

Further information regarding each of the retirement systems presented above is furnished as follows:

Municipal Employees' Retirement System of Louisiana:

Plan Description -The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City participating in the retirement system are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or after any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Monthly retirement benefits paid under Plan A cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

City of Winnfield

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Funding Policy - Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by State law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the system were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 417,866,149
City's Proportionate Share (Percentage)	0.65064 %
City's Proportionate Share (Amount)	<u>\$ 2,718,825</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2019 are provided as follows:

Beginning Net Pension Liability	\$ 2,266,396
Employer Contributions	(318,465)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	464,702
Changes in Benefit Terms	----
Employee Contributions	<u>(41,753)</u>
Change in Deferred Outflows of Resources	165,822
Change in Deferred Inflows of Resources	<u>182,123</u>
Ending Net Pension Liability	<u>\$ 2,718,825</u>

There were no changes between June 30, 2020 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

City of Winnfield

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	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ----	\$ 66,337	\$ (66,337)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	269,650	----	269,650
Changes of Assumptions	68,707	----	68,707
Changes in Proportion	243,001	109,587	133,414
Employer Contributions Made After the Measurement Date	334,196	----	334,196
Total Deferrals	915,554	175,924	739,630
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	334,196	----	334,196
Deferrals Subject to Amortization	<u>\$ 581,358</u>	<u>\$ 175,924</u>	<u>\$ 405,434</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

For the Year Ending:

June 30, 2020	\$ 163,991
June 30, 2021	184,372
June 30, 2022	34,435
June 30, 2023	22,636
Total	<u>\$ 405,434</u>

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Projected Salary Increases	1 to 4 years of service – 6.4% More than 4 years of service – 4.5%
Mortality Rates	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) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales.
Expected Remaining Service Lives	3 years

City of Winnfield

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Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	0.64%
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 6.00% Discount Rate</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00% Discount</u>
Net Pension Liability	\$ 3,544,862	\$ 2,718,825	\$ 2,020,437

Firefighters' Retirement System of Louisiana

Plan Description – Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3^{1/3} percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy – Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by state statute. As proved by state law, the employer contributions are

City of Winnfield

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determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lafirefightersret.com. The plans net pension liability was determined at June 30, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 626,191,010
City's Proportionate Share (Percentage)	0.10457%
City's Proportionate Share (Amount)	<u>\$ 654,839</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2019 are provided as follows:

Beginning Net Pension Liability	\$ 592,855
Employer Contributions	(67,143)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	130,379
Changes in Benefit Terms	----
Employee Contributions	<u>(28,034)</u>
Change in Deferred Outflows of Resources	102,345
Change in Deferred Inflows of Resources	<u>22,778</u>
	<u>4,004</u>
Ending Net Pension Liability	<u>\$ 654,839</u>

There were no changes between June 30, 2020 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ ----	\$ 47,236	\$ (47,236)
Net Difference Between Projected and Actual Investment Earnings on			
Pension Plan Investments	44,036	----	44,036
Changes of Assumptions	59,574	48	59,526
Changes in Proportion	22,784	24,286	(1,502)
Employer Contributions Made After the Measurement Date	<u>90,462</u>	<u>-----</u>	<u>90,462</u>
Total Deferrals	216,856	71,570	145,286
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>90,462</u>	<u>----</u>	<u>90,462</u>
Deferrals Subject to Amortization	<u>\$ 126,394</u>	<u>\$ 71,570</u>	<u>\$ 54,824</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

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For the Year Ending:

June 30, 2020	\$	27,088
June 30, 2021		(4,073)
June 30, 2022		13,904
June 30, 2023		10,165
June 30, 2024		4,344
Thereafter		<u>3,396</u>

Total \$ 54,824

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.15% per annum
Inflation Rate	2.50% per annum
Projected Salary Increases	Vary from 14.75% in the first two years of service to 4.50% after 25 years.
Cost of Living Adjustments	Only those previously granted

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. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
U.S. Equity	21.50%	5.98%
Non-U.S. Equity	17.50%	7.52%
Global Equity	10.00%	6.59%
Fixed Income	31.00%	2.17%
Real Estate	6.00%	4.14%
Private Equity	4.00%	10.52%
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	5.00%	4.67%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

City of Winnfield

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produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 6.15%</u> <u>Discount Rate</u>	<u>Current Discount</u> <u>Rate 7.15%</u>	<u>1% Increase</u> <u>8.15% Discount</u>
Net Pension Liability	\$ 948,252	\$ 654,839	\$ 408,571

Municipal Police Employees' Retirement System of Louisiana

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy - Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

Financial Summary - The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report available on the internet at www.lampers.org. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 908,167,473
City's Proportionate Share (Percentage)	0.05571%
City's Proportionate Share (Amount)	<u>\$ 505,913</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2019 are provided as follows:

City of Winnfield

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Beginning Net Pension Liability		\$ 960,001
Employer Contributions		(56,163)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	(55,913)	
Changes in Benefit Terms	----	
Employee Contributions	(11,468)	(67,381)
Change in Deferred Outflows of Resources		(64,708)
Change in Deferred Inflows of Resources		(265,836)
		<u>Ending Net Pension Liability</u>
		<u>\$ 505,913</u>

There were no changes between June 30, 2020 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 1,062	\$ 15,565	\$ (14,503)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	32,868	----	32,868
Changes of Assumptions	28,350	----	28,350
Changes in Proportion	13,906	348,027	(334,121)
Employer Contributions Made After the Measurement Date	83,613	----	83,613
	<u>159,799</u>	<u>363,592</u>	<u>(203,793)</u>
Total Deferrals			
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	83,613	----	83,613
	<u>\$ 76,186</u>	<u>\$ 363,592</u>	<u>\$ (287,406)</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2020	\$ (75,583)
June 30, 2021	(118,261)
June 30, 2022	(101,770)
June 30, 2023	<u>8,208</u>
Total	<u>\$ (287,406)</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost

City of Winnfield

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June 30, 2020

Investment Rate of Return	7.125% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.50% per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 - 2	9.75%
	3 - 23	4.75%
	Over 23	4.25%

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>5.14%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>7.89%</u>

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 6.125% Discount Rate</u>	<u>Current Discount Rate 7.125%</u>	<u>1% Increase 8.125% Discount Rate</u>
Net Pension Liability	\$ 704,903	\$ 505,913	\$ 338,980

NOTE 12 - TRANSFERS

City of Winnfield

Notes to Financial Statements

June 30, 2020

In the ordinary course of business, the City routinely transfers resources between its funds for various reasons. A description of the transfers and the purpose for transfers regarding governmental activities is presented below.

	<u>Governmental Activities</u>			
	<u>General Fund</u>	<u>Dedicated Sales Tax</u>	<u>Other</u>	<u>Total</u>
<u>Transfers In</u>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 779,499	\$ ----	\$ ----	\$ 779,499
Transfer excess utility revenues to the general fund.	2,380,916	----	----	2,380,916
Total Transfers In	3,160,415	----	----	3,160,415
<u>Transfers Out</u>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	----	779,499	----	779,499
Net Transfers	\$ 3,160,415	\$ (779,499)	\$ ----	\$ 2,380,916

Transfers from the Utility System were limited to transfers out of \$2,380,916, to transfer excess utility revenues to the general fund.

NOTE 13 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2020 are described as follows:

Litigation:

Like most governmental units with extensive and diverse operations, the City is occasionally named as a defendant in litigation. Based on consultation with City Attorney, the ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time; however, exposure to losses are expected to be limited to the deductible provisions of insurance policies.

Grant Compliance:

The City receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 14 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – The City of Winnfield (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Winnfield’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

City of Winnfield

Notes to Financial Statements

June 30, 2020

retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits Provided – Benefits are provided through comprehensive plans and are made available to employees upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, 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; second, the Firefighters' Retirement System of Louisiana, and, third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police systems have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. For each system, employees hired on and after January 1, 2013 must meet the following retirement (D.R.O.P. entry) requirements: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance is not considered in this valuation.

Employees covered by benefit terms – As of the measurement date June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>63</u>
	<u>68</u>

Total OPEB Liability

The City's total OPEB liability is \$164,554 as of the measurement date June 30, 2020, the end of the fiscal year.

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

Inflation	3.0%
Salary increases	3.0%, including inflation
Discount rate	3.88% annually (Beginning of Year to Determine ADC) 2.21% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2032, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index on the applicable measurement dates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

City of Winnfield

Notes to Financial Statements

June 30, 2020

Changes in Total OPEB Liability

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balances at June 30, 2019	\$ 266,987	\$ 137,539	\$ 404,526
Changes for the year:			
Service Cost	6,292	1,778	8,070
Interest	12,359	3,493	15,852
Differences between expected and actual experience	(153,001)	(43,235)	(196,236)
Changes in Assumptions	(17,824)	(5,037)	(22,861)
Benefit payments and net transfers	(34,927)	(9,870)	(44,797)
Net Changes	<u>(187,101)</u>	<u>(52,871)</u>	<u>(239,972)</u>
Balance at June 30, 2020	<u>\$ 79,886</u>	<u>\$ 84,668</u>	<u>\$ 164,554</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1.0% Decrease (1.21 %)	Current Discount Rate (2.21%)	1.0% Increase (3.21%)
Total OPEB liability	\$ 171,454	\$ 164,554	\$ 158,161

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	\$ 156,781	\$ 164,554	\$ 173,517

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$10,229. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ ----	\$ (183,972)
Changes in assumptions	----	(21,433)
Total	<u>\$ ----</u>	<u>\$ (205,405)</u>

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

City of Winnfield

Notes to Financial Statements

June 30, 2020

<u>For the Year Ending:</u>	
June 30, 2021	\$ (13,694)
June 30, 2022	(13,694)
June 30, 2023	(13,694)
June 30, 2024	(13,694)
June 30, 2025	(13,694)
Thereafter	<u>(136,935)</u>
Total	<u>\$ (205,405)</u>

NOTE 15- ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 55,250
Fire Department	46,017
Total	<u>\$ 101,267</u>

NOTE 16 - PRIOR PERIOD ADJUSTMENT:

Management has determined that adjustments were needed to correct prior period net assets and fund balances. The adjustments are summarized as follows:

	Governmental Activities	Business-Type Activities	Governmental Funds	Enterprise Funds
As Originally Reported	\$ 6,047,570	\$ 11,312,201	\$ 3,121,603	\$ 11,312,201
Correct Valuation of Inventory	<u>-----</u>	<u>(116,434)</u>	<u>-----</u>	<u>(116,434)</u>
As Restated	<u>\$ 6,047,570</u>	<u>\$ 11,195,767</u>	<u>\$ 3,121,603</u>	<u>\$ 11,195,767</u>

Based on analysis of year-end inventory levels, management has determined that inventory amounts recorded in the previous year were overstated. The effect of the change in net position for the previous year has not been determined.

City of Winnfield

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Taxes				
Ad Valorem	\$ 203,000	\$ 203,000	\$ 207,387	\$ 4,387
Sales	728,000	728,000	827,557	99,557
Hotel Motel Tax	68,650	68,650	51,272	(17,378)
Licenses & Permits:				
Franchise Fees	48,300	48,300	39,489	(8,811)
Occupational Licenses	199,710	199,710	241,257	41,547
Intergovernmental	104,770	104,770	143,974	39,204
Fines and Forfeitures	15,300	15,300	8,260	(7,040)
Interest	240	240	1,661	1,421
Other	286,040	286,040	331,909	45,869
Total revenues	1,654,010	1,654,010	1,852,766	198,756
<u>General Government:</u>				
General Government				
City Hall Administration	770,200	770,200	1,296,129	(525,929)
Public Safety				
Police Department	1,508,450	1,508,450	1,406,237	102,213
Fire Department	510,460	510,460	636,240	(125,780)
Public Works				
Streets and Drainage	769,310	769,310	315,589	453,721
Sanitation	418,880	418,880	435,636	(16,756)
Code Enforcement	30,600	30,600	53,064	(22,464)
Culture & Recreation				
Recreation Department	503,100	503,100	362,668	140,432
Health & Welfare				
Impounding	65,625	65,625	14,206	51,419
Capital Expenditures	-	-	256,465	(256,465)
Debt Service	-	-	66,800	(66,800)
Total expenditures	4,576,625	4,576,625	4,843,034	(266,409)

City of Winnfield

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual - Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Excess (Deficiency) of				
Revenues Over Expenditures	(2,922,615)	(2,922,615)	(2,990,268)	(67,653)
<u>Other Financing Sources (Uses):</u>				
Proceeds from Long Term Debt	-	-	100,527	100,527
Operating Transfers In	2,941,400	2,941,400	3,160,415	219,015
Operating Transfers Out	-	-	-	-
Excess (Deficiency) of				
Revenues and Other Sources				
Over Expenditures and Other				
Uses	18,785	18,785	270,674	251,889
Fund Balance (Deficit) -				
Beginning of Year	<u>486,337</u>	<u>486,337</u>	<u>978,432</u>	<u>492,095</u>
Fund Balance (Deficit) -				
End of Year	<u>\$ 505,122</u>	<u>\$ 505,122</u>	<u>\$ 1,249,106</u>	<u>\$ 743,984</u>

City of Winnfield

Dedicated 1% Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Sales Taxes	\$ 1,436,000	\$ 1,436,000	\$ 1,522,976	\$ 86,976
Other	1,500	1,500	2,416	916
Total revenues	<u>1,437,500</u>	<u>1,437,500</u>	<u>1,525,392</u>	<u>87,892</u>
<u>General Government:</u>				
Current	448,750	448,750	-	448,750
Total expenditures	<u>448,750</u>	<u>448,750</u>	<u>-</u>	<u>448,750</u>
Excess (Deficiency) of				
Revenues Over Expenditures	988,750	988,750	1,525,392	536,642
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	<u>(1,619,570)</u>	<u>(1,619,570)</u>	<u>(779,499)</u>	<u>840,071</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	(630,820)	(630,820)	745,893	1,376,713
Fund Balance (Deficit) - Beginning of Year	<u>1,399,809</u>	<u>1,399,809</u>	<u>2,142,752</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 768,989</u>	<u>\$ 768,989</u>	<u>\$ 2,888,645</u>	<u>\$ 1,376,713</u>

City of Winnfield

Schedule of Changes in Net OPEB Liability **Retiree Healthcare Plan**

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2019	For the Year Ended June 30, 2020
<u>Total OPEB Liability</u>			
Beginning Balance	\$ 450,707	428,056	404,526
Service Cost	9,623	9,996	8,070
Interest	16,907	15,655	15,852
Differences Between expected and actual experience	-	-	(196,236)
Changes in Assumptions	-	-	(22,861)
Benefit Payments	<u>(49,181)</u>	<u>(49,181)</u>	<u>(44,797)</u>
Ending Balance	<u>428,056</u>	<u>404,526</u>	<u>164,554</u>
<u>Fiduciary Net Position</u>			
Beginning Balance	-	-	-
Employer Contributions	49,181	49,181	44,797
Benefit Payments	<u>(49,181)</u>	<u>(49,181)</u>	<u>(44,797)</u>
Ending Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Liability	<u>\$ 428,056</u>	<u>\$ 404,526</u>	<u>\$ 164,554</u>
Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Payroll	1,531,135	1,531,135	1,903,700
Net OPEB Liability as a Percentage of Covered Payroll	27.96%	26.42%	8.64%
Notes to Schedule:			
Benefit Change:	None	None	None
Changes of Assumptions			
Discount Rate:	3.57%	3.50%	2.21%
Mortality:	RP-2014	RP-2014	RP-2014
Trend:	5.00%	5.00%	Variable

This schedule is intended to fulfill requirements to present information for a period of 10 years. However, until a full 10 year trend has been compiled, information is presented only for the years for which the required information is available.

There are no assets accumulated in a trust that meets criteria established by Governmental Accounting Standards to pay related benefits. In addition, there are no known factors that can be expected to significantly effect the amounts reported.

City of Winnfield

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans
	Net Pension Liability				Fiduciary Net
	Percent	Amount			Position as a Percentage of Total Pension Liability
Municipal Employees' Retirement System					
June 30, 2014	0.81802%	2,099,403	1,299,099	161.6%	76.9%
June 30, 2015	0.75412%	2,693,842	1,256,443	214.4%	68.7%
June 30, 2016	0.69976%	2,868,118	1,165,267	246.1%	63.3%
June 30, 2017	0.64412%	2,694,626	999,306	269.6%	63.5%
June 30, 2018	0.54735%	2,266,396	1,204,470	188.2%	65.6%
June 30, 2019	0.65064%	2,718,825	1,224,865	222.0%	64.7%
Firefighters's Retirement System					
June 30, 2014	0.10584%	470,988	234,594	200.8%	76.0%
June 30, 2015	0.10775%	581,539	270,736	214.8%	72.4%
June 30, 2016	0.11037%	721,913	238,513	302.7%	68.2%
June 30, 2017	0.10215%	585,531	245,386	238.6%	73.5%
June 30, 2018	0.10307%	592,855	341,165	173.8%	74.8%
June 30, 2019	0.10457%	654,839	253,370	258.5%	74.0%
Municipal Police Employees' Retirement System					
June 30, 2014	0.14954%	935,553	369,535	253.2%	75.1%
June 30, 2015	0.12931%	1,012,970	309,727	327.1%	70.7%
June 30, 2016	0.10773%	1,009,771	319,192	316.4%	66.0%
June 30, 2017	0.11503%	1,004,252	331,073	303.3%	70.1%
June 30, 2018	0.11356%	960,001	297,008	323.2%	71.9%
June 30, 2019	0.05571%	505,913	174,149	290.5%	71.0%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

City of Winnfield

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2014	256,203	256,203	-	1,299,099	19.72%
June 30, 2015	246,878	246,878	-	1,256,443	19.65%
June 30, 2016	266,122	266,122	-	1,165,267	22.84%
June 30, 2017	245,959	245,959	-	999,306	24.61%
June 30, 2018	313,162	313,162	-	1,204,470	26.00%
June 30, 2019	318,465	318,465	-	1,224,865	26.00%
Firefighters's Retirement System					
June 30, 2014	66,979	66,979	-	234,594	28.55%
June 30, 2015	67,814	67,814	-	270,736	25.05%
June 30, 2016	60,250	60,250	-	238,513	25.26%
June 30, 2017	65,118	65,118	-	245,386	26.54%
June 30, 2018	90,255	90,255	-	341,165	26.45%
June 30, 2019	67,143	67,143	-	253,370	26.50%
Municipal Police Employees' Retirement System					
June 30, 2014	108,953	108,953	-	369,535	29.48%
June 30, 2015	89,027	89,027	-	309,727	28.74%
June 30, 2016	109,029	109,029	-	319,192	34.16%
June 30, 2017	95,141	95,141	-	331,073	28.74%
June 30, 2018	95,785	95,785	-	297,008	32.25%
June 30, 2019	56,163	56,163	-	174,149	32.25%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

City of Winnfield

Schedule of Compensation Paid to Board Members For the year ended June 30, 2020

George Moss	60,000
Lawanda Holden	10,800
Gerald Hamms	10,800
Sarah Junkin	10,800
Matt Miller	10,800
Teresa Phillips	<u>10,800</u>
Total Compensation	<u><u>\$ 114,000</u></u>

City of Winnfield

***Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the year ended June 30, 2020***

Agency Head (Mayor) - George Moss

Purpose:

Compensation \$ 60,000

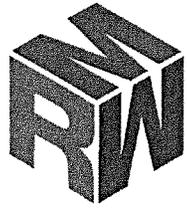
Benefits

Health Insurance 6,801

Payroll Taxes 4,279

Retirement 5,755

Reimbursements -



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS

September 10, 2022

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 Mayor
and the Board of Aldermen
City of Winnfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Winnfield, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Winnfield's basic financial statements, and have issued our report thereon dated September 10, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of Winnfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005.

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CITY OF WINNFIELD'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the City of Winnfield's response to the findings identified in our audit and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ROZIER, McKAY & WILLIS
Certified Public Accountants

CITY OF WINNFIELD

Summary of Findings

June 30, 2020

PART I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

- The Independent Auditor's Report on the financial statements for the City of Winnfield as of June 30, 2020 and for the year then ended expressed opinions as follows.

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Each Major Governmental Fund	Unmodified
Utility Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

- No significant deficiencies in internal control were identified in connection with the audit.
- Five instances of noncompliance material to the financial statements of the City of Winnfield were disclosed during the audit.

PART II

FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

FINDING 2020-001: EMPLOYEE INSURANCE WITHHOLDINGS

- Criteria: The Louisiana Constitution prohibits advances to any public official or employee
- Condition: The City of Winnfield did not accurately withhold payroll deductions for various employee paid insurance premiums.
- Effect: The City unintentionally advanced payroll to some employees, while underpaying others, in violation of the Louisiana Constitution.
- Cause: The City's previous payroll clerk did not properly calculate insurance withholdings.
- Recommendation: We recommend that in the future, all withholdings are properly calculated, so as to ensure compliance with state law.

FINDING 2020-002: LATE SUBMISSION OF REPORT

- Criteria: The Louisiana Audit Law requires local auditees to be audited annually, and requires submission of the annual financial report to the Legislative Auditor within six months after the end of the fiscal year

CITY OF WINNFIELD

Summary of Findings

June 30, 2020

- Condition: The City of Winnfield did not submit its annual financial report within the required deadline.
- Effect: The City was not in compliance with the Louisiana Audit Law.
- Cause: The City experienced some employee turnover from key staff members, in addition to suffering severe hurricane losses during the time period the annual financial report was due.
- Recommendation: We recommend that in the future, the City provides its auditors with financial information in a timely fashion, to enable Audit Law compliance.

FINDING 2020-003: BUDGET VIOLATION

- Criteria: State law prohibits unfavorable budget variances from exceeding 5%.
- Condition: In the current year, expenditures and other uses in the general fund exceeded budgeted amounts by more than 5%.
- Effect: The City was not in compliance with the Louisiana Government Budget Act
- Cause: An appropriate amendment was not made to the budget once the City of Winnfield realized that unfavorable variances exceeded 5% of budgeted amounts
- Recommendation: The City of Winnfield should implement policies and procedures to ensure that the budget is amended whenever variances exceed amounts allowed by the Louisiana Government Budget Act.

FINDING 2020-004: BOND COVENANTS

- Criteria: The City is responsible for starting and funding various bank accounts, in accordance with bond indebtedness contracts.
- Condition: The City did not comply with all bond covenants in the current year.
- Effect: Outstanding debt issuances could be called, or new debt issuances could be difficult to obtain in the future.
- Cause: The City experienced turnover with key personnel, and was unaware of some bond covenant requirements.
- Recommendation: We recommend that in consultation with the City's qualified bond counsel and auditor, the City should identify each bond covenant, and establish and fund all required accounts.

CITY OF WINNFIELD

Summary of Findings

June 30, 2020

FINDING 2020-005: UTILITY RATES

- Criteria: The City of Winnfield passed various utility ordinances, which set the price at which utility services are to be charged to users of the system.
- Condition: The City did not charge commercial users of its electric distribution system the rate that was set by ordinance.
- Effect: The City lost revenue by charging a rate less than the authorized rate.
- Cause: The City's utility software program was not programmed with the appropriate rate, which caused the under billing.
- Recommendation: We recommend that the City immediately adjust Utility Rates to the appropriate amount, and charge commercial customers the appropriate rate.

CITY OF WINNFIELD

Management's Corrective Action Plan

June 30, 2020

SECTION I

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

FINDINGS

2020-001: Employee Insurance Withholdings

The City did not properly calculate payroll deductions, which caused certain employees to be overpaid and other employees to be underpaid

2020-002: Late Submission of Report

The City did not comply with the Louisiana Audit Law, and submitted its annual audit more than six months after the close of the fiscal year.

2020-003: Local Government Budget Act

The City experienced unfavorable Budget Variances in excess of amounts allowed by the Louisiana Local Government Budget Act

2020-004: Bond Covenants

The City was not in compliance with bond covenant requirements, including the maintenance and funding of a variety of accounts.

Finding 2020-005: Utility Rates

The City did not charge commercial users of its electric distribution system the rate that was set by ordinance.

RESPONSE

After hiring a well-qualified payroll clerk, we discovered the error and reported it to our previous auditors. The matter has been addressed, and we will continue to diligently recalculate all amounts withheld from employees.

The City is making every effort to catch up on delinquent audits. We believe that we have crafted a workable plan with our current auditor to enable us to catch up all delinquent audits by December 31, 2023.

In the future we will monitor our budget more closely, to ensure budgetary compliance.

We have reviewed our outstanding bond covenants, and believe that once we have resolved our outstanding audits, we will be able to remain in compliance with the other requirements.

Upon discovery of the issue, we immediately began the process of changing our utility software to charge all customers the appropriate rate.

SECTION II

MANAGEMENT LETTER

FINDINGS

No Findings of this nature.

RESPONSE

No response necessary

CITY OF WINNFIELD

Summary of Prior Year Findings June 30, 2020

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

FINDINGS

2019-001: Control Over Financial Reporting and Reconciliations

For the Year Ended June 30, 2019 the City did not have an adequate system of internal control in place to ensure the preparation, maintenance, and reconciliation of financial information on a monthly basis.

2019-002: Control Over Cash Collections

The City did not have an adequate and effective system of internal control to enable personnel to maintain records of cash collections

2019-003: Employee Insurance Withholdings

The City did not properly calculate payroll deductions, which caused certain employees to be overpaid and other employees to be underpaid

2019-004: Late Submission of Report

The City did not comply with the Louisiana Audit Law, and submitted its annual audit more than six months after the close of the fiscal year.

2019-005: Local Government Budget Act

The City experienced unfavorable Budget Variances in excess of amounts allowed by the Louisiana Local Government Budget Act

2019-006: Bond Covenants

The City was not in compliance with bond covenant requirements, including the maintenance and funding of a variety of accounts.

2019-007: Cash Balance Unsecured

The City's cash balances were not fully secured by FDIC or pledged securities

RESPONSE

Resolved

For the current period, the City provided the Council with monthly financial reports to enable proper oversight.

Resolved

For the current period, the City was able to provide records to support cash collections

Not Resolved

See Current Year Finding 2020-001

Not Resolved

See Current Year Finding 2020-002

Not Resolved

See Current Year Finding 2020-003

Note Resolved

See Current Year Finding 2020-004

Resolved

For the current period, the City's cash balances were fully secured

CITY OF WINNFIELD

Summary of Prior Year Findings

June 30, 2020

SECTION II MANAGEMENT LETTER	
<u>FINDINGS</u> No Findings of this nature.	<u>RESPONSE</u> No response necessary

CITY OF WINNFIELD

Report on Fraud and Misappropriations

June 30, 2020

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	The City operates a jail and provides phone cards for detainees in exchange for a fee. An employee responsible for issuing cards misappropriated fees that were collected. The amount misappropriated was immaterial and was detected by the City's internal control structure. Accordingly, the matter was not considered to be a reportable condition.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Receipts from selling phone cards.
3	The amount of funds or approximate value of assets involved.	Less than \$15,000.
4	The department or office in which the fraud or misappropriation occurred.	The Police Department's jail operations.
5	The period of time over which the fraud or misappropriation occurred.	Between FY 2019-2020 and when it was discovered in 2021.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Jailer at the Winnfield Prison.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	The judicial process is ongoing at this time, and local law enforcement has not given permission to disclose anyone's identity.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No, the individual was terminated.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	See the Answer above.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes, the city has notified the appropriate law enforcement body about the fraud or misappropriation.
11	What is the status of the investigation at the date of the auditor's/accountant's report?	The judicial process is ongoing.

CITY OF WINNFIELD

Report on Fraud and Misappropriations

June 30, 2020

12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	See Answers above.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	The judicial process is ongoing.
14	Has restitution been made or has an insurance claim been filed?	Yes, the offender has repaid all amounts alleged to have been misappropriated.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Each body has been notified in writing, as is appropriate. The judicial process is ongoing.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes, the agency's internal controls allowed the detection of the misappropriation in a timely manner.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	See the answer above.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Management intends to continue its monitoring process, which was successful in discovering this misappropriation.