

**CITY OF MANSFIELD, LOUISIANA  
ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2018**

City of Mansfield, Louisiana  
Annual Financial Report  
December 31, 2018

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December 31, 2018

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## City of Mansfield, Louisiana

### Management's Discussion and Analysis (MD&A)

December 31, 2018

As management of the City of Mansfield, Louisiana, (City) we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Mansfield as of and for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

### Financial Highlights

As of December 31, 2018, the assets of the City exceeded its liabilities by \$11,011,128. As of December 31, 2018, there was a deficit of unrestricted net position in the amount of \$3,980,739. During 2018, net position of the governmental activities decreased by \$64,817 (8%), while net assets of the business-type activities increased \$126,575 (11%).

As of the close of fiscal year 2018, the City's governmental funds reported a combined ending fund balance of \$3,392,273, an increase of \$187,589 (6%) from prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules and net pension liability schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

#### Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the City – the Government-wide Financial Statements and the Fund Financial Statements. These financial statements also include the Notes to Financial Statements that explain some of the information in the financial statements and provide additional detail.

**Government-wide Financial Statements** - The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists users in assessing the City's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year, even if cash has not been received or paid, and include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements:

The Statement of Net Position presents all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference between them reported as "net position".

## City of Mansfield, Louisiana

### Management's Discussion and Analysis (MD&A)

December 31, 2018

The Statement of Activities presents information showing how the City's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between direct expenses and program revenues for each function of the City.

These two statements report the City's net position and changes in net position. You can think of the City's net position - the difference between assets, deferred outflows, liabilities, and deferred inflows - as one way to measure the City's financial health. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

Both of the above financial statements have separate sections for the two different types of City activities. These activities are:

**Governmental Activities** - The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with the City fall into this category, including general government, public safety, public works, sanitation, and recreation.

**Business-type Activities** - These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City consist of the provision of water and sewer services.

The government-wide financial statements can be found immediately following the auditor's report.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. The funds of the City can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

**Governmental Funds** - Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the City.

## City of Mansfield, Louisiana

### Management's Discussion and Analysis (MD&A)

December 31, 2018

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The City has four governmental funds: the General Fund, the Police Witness Fees Fund, the Capital Projects Fund and the Debt Service Fund. The General Fund and the Debt Service Fund are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

**Proprietary Funds** - These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The City has two enterprise funds, the Water Fund and the Sewer Fund, each of which is considered a major proprietary fund for presentation purposes.

The basic proprietary funds financial statements can be found immediately following the governmental funds financial statements.

**Notes to the Financial Statements** - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

**Required Supplementary Information** - The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund as presented in the governmental funds financial statements, the Schedule of Employer's Share of Net Pension Liability, and the Schedule of Employer Contributions. Annual budgets and the employer pension schedules are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Act 706 of the Louisiana 2018 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer which is also presented as required supplementary information. Following the required supplementary information is other supplementary information that is provided to show additional details.

## City of Mansfield, Louisiana

### Management's Discussion and Analysis (MD&A) December 31, 2018

#### Financial Analysis of Government-Wide Activities

**Net Position** - The City's combined net position (governmental and business-type activities) totaled \$11,011,128 and \$10,949,370 as of December 31, 2018 and 2017 respectively, an increase of \$61,758 (1%).

As of December 31, 2018, \$14,991,867 (136%) of the City's net position consists of investment in capital assets such as land, buildings, equipment, and water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding, compared to \$15,488,097 (142%) of the City's net position as of the close of the prior year. The City uses these capital assets to provide services to the citizens of Mansfield; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The other portion of the City's net position, a deficit of \$3,980,739 (-36%) and \$4,691,452 (-43%) as of December 31, 2018 and 2017 respectively. The City continues to maintain a high level of liquidity with \$4,331,928 of cash, demand deposits, and certificates of deposit at December 31, 2018.

**City of Mansfield, Louisiana**

**Management's Discussion and Analysis (MD&A)  
December 31, 2018**

	<u>As of December 31, 2018</u>			<u>As of December 31, 2017</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 3,594,719	\$ 1,138,137	\$ 4,732,856	\$ 3,426,638	\$ 1,306,724	\$ 4,733,362
Capital assets	<u>3,632,827</u>	<u>13,296,914</u>	<u>16,929,741</u>	<u>4,420,393</u>	<u>12,939,639</u>	<u>17,360,032</u>
Total Assets	\$ <u>7,227,546</u>	\$ <u>14,435,051</u>	\$ <u>21,662,597</u>	\$ <u>7,847,031</u>	\$ <u>14,246,363</u>	\$ <u>22,093,394</u>
Deferred Outflows	\$ <u>649,585</u>	\$ <u>303,317</u>	\$ <u>952,902</u>	\$ <u>714,433</u>	\$ <u>330,052</u>	\$ <u>1,044,485</u>
Long term liabilities	\$ 7,674,934	\$ 2,570,858	\$10,245,792	\$ 8,194,364	\$ 2,577,383	\$10,771,747
Other liabilities	<u>511,446</u>	<u>255,861</u>	<u>767,307</u>	<u>521,954</u>	<u>159,061</u>	<u>681,015</u>
Total Liabilities	\$ <u>8,186,380</u>	\$ <u>2,826,719</u>	\$ <u>11,013,099</u>	\$ <u>8,716,318</u>	\$ <u>2,736,444</u>	\$ <u>11,452,762</u>
Deferred Inflows	\$ <u>518,947</u>	\$ <u>72,325</u>	\$ <u>591,272</u>	\$ <u>608,525</u>	\$ <u>127,222</u>	\$ <u>735,747</u>
Net Position:						
Net investment in capital assets	\$ 3,632,827	\$11,359,040	\$14,991,867	\$ 4,420,393	\$11,067,704	\$15,488,097
Restricted	0	0	0	0	152,725	152,725
Unrestricted	<u>(4,461,023)</u>	<u>480,284</u>	<u>(3,980,739)</u>	<u>(5,183,772)</u>	<u>492,320</u>	<u>(4,691,452)</u>
Total Net Position	\$ <u>(828,196)</u>	\$ <u>11,839,324</u>	\$ <u>11,011,128</u>	\$ <u>(763,379)</u>	\$ <u>11,712,749</u>	\$ <u>10,949,370</u>

**Changes in Net Position**

The City's net position increased by \$61,758 during the year ended December 31, 2018 compared to an increase of \$1,484,036 in 2017. This change is due primarily to a decrease in capital grants and sales tax revenue.

Approximately 34% (\$2,371,601) of the City's total revenues was derived through charges for services in 2018 compared to 34% (\$2,462,079) in 2017. During the year ended December 31, 2018, approximately 51% (\$3,547,928) was derived from general revenues including taxes and interest compared to 55% (\$3,973,528) during 2017. The City received \$1,019,003 (15%) and \$844,650 (11%) of its total revenues through program grants and contributions during 2018 and 2017, respectively.

**City of Mansfield, Louisiana**

**Management's Discussion and Analysis (MD&A)  
December 31, 2018**

	<u>As of December 31, 2018</u>			<u>As of December 31, 2017</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Program Revenues:						
Fees, fines and charges for services	\$ 514,107	\$ 1,857,494	\$ 2,371,601	\$ 619,340	\$ 1,842,739	\$ 2,462,079
Operating grants and Contributions	150,704	0	150,704	175,670	0	175,670
Capital grants and Contributions	68,299	800,000	868,299	668,980	0	668,980
General Revenues:						
Ad valorem taxes	430,886	0	430,886	435,091	0	435,091
Sales and use tax	2,055,028	0	2,055,028	2,317,838	0	2,317,838
Franchise fees	294,970	0	294,970	278,039	0	278,039
Hotel and Motel	143,968	0	143,968	130,205	0	130,205
Licenses and Permits	250,412	0	250,412	273,665	0	273,665
Video Poker	188,570	0	188,570	178,967	0	178,967
Interest income	10,010	6,104	16,114	6,420	4,787	11,207
Oil & Gas Royalty	12,077	0	12,077	12,196	0	12,196
Other	<u>137,448</u>	<u>18,455</u>	<u>155,903</u>	<u>318,262</u>	<u>18,058</u>	<u>336,320</u>
Total Revenues	<u>\$4,256,479</u>	<u>\$ 2,682,053</u>	<u>\$ 6,938,532</u>	<u>\$ 5,414,673</u>	<u>\$ 1,865,584</u>	<u>\$ 7,280,257</u>
Expenses:						
General government	\$1,276,938	\$ 0	\$ 1,276,938	\$ 1,319,907	\$ 0	\$ 1,319,907
Public safety	1,587,557	0	1,587,557	1,400,587	0	1,400,587
Public works	374,812	0	374,812	358,490	0	358,490
Sanitation	131,649	0	131,649	113,733	0	113,733
Recreation	244	0	244	3,194	0	3,194
Interest on long-term debt	150,096	1,500	151,596	157,346	7,027	164,373
Water and sewer	<u>800,000</u>	<u>2,553,978</u>	<u>3,353,978</u>	<u>0</u>	<u>2,435,937</u>	<u>2,435,937</u>
Total Expenses	<u>\$4,321,296</u>	<u>\$ 2,555,478</u>	<u>\$ 6,876,774</u>	<u>\$ 3,353,257</u>	<u>\$ 2,442,964</u>	<u>\$ 5,796,221</u>
Increase (Decrease) in net position before Transfers	\$ (64,817)	\$ 126,575	\$ 61,758	\$ 2,061,416	\$ (577,380)	\$ 1,484,036
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>(28,244)</u>	<u>28,244</u>	<u>0</u>
Increase (Decrease) in Net Position	\$ (64,817)	\$ 126,575	\$ 61,758	\$2,033,172	\$ (549,136)	\$ 1,484,036
Net Position- Beginning	<u>(763,379)</u>	<u>11,712,749</u>	<u>10,949,370</u>	<u>(2,796,551)</u>	<u>12,261,885</u>	<u>9,465,334</u>
Net Position-Ending	<u>\$ (828,196)</u>	<u>\$11,839,324</u>	<u>\$11,011,128</u>	<u>\$ (763,379)</u>	<u>\$11,712,749</u>	<u>\$10,949,370</u>

## City of Mansfield, Louisiana

### Management's Discussion and Analysis (MD&A)

December 31, 2018

#### Financial Analysis of the Individual Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,392,273, an increase of \$187,589 in comparison with the prior year. Approximately \$1,332,447 of this total amount consists of unassigned fund balance, which is available for spending at the City's discretion.

**Proprietary Funds** - The City's proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which are considered to be major funds of the City. The City's proprietary funds consist of enterprise funds which report the same functions presented as business-type activities in the government-wide financial statements.

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of \$11,839,324, an increase of \$126,575 in comparison with the prior year's ending net position of \$11,712,749. The Water Fund had a decrease in net position of \$504,144, and the Sewer Fund had an increase in net position of \$630,719. \$11,359,040 represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$480,284 is unrestricted and is available for spending at the City's discretion.

**General Fund Budgetary Highlights** - Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the City complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA -RS. 39:1301 et seq.).

The City's General Fund budget was amended because public safety, public works, and capital outlays were less than originally budgeted.

The actual revenues were \$131,159 more than the final budgeted amounts and the actual expenditures were \$51,345 less than the final budgeted amounts.

## **City of Mansfield, Louisiana**

### **Management's Discussion and Analysis (MD&A) December 31, 2018**

#### **Capital Asset Administration**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018 totaled \$27,074,050, net of accumulated depreciation of \$14,287,235, leaving a book value of \$12,786,815. This investment in capital assets consists of land, buildings, equipment, and water and sewer plant and improvements. Depreciation charges for the year totaled \$844,304 for 2018 compared to \$858,805 for the prior year.

During 2018, major capital expenditures included \$1,077,213 for improvements to the water and sewer systems.

#### **Debt Administration**

At year-end, the City had \$6,208,980 in bonds and notes outstanding, a decrease of \$378,000 compared to the prior year.

Debt, considered a liability of governmental activities, decreased due to payments made on the three bonds of \$300,000.

Debt considered a liability of the business-type activities decreased by \$78,000 due to the debt payments made.

The City's net pension liability at December 31, 2018 is \$4,146,010.

#### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors were considered when the budget for the General Fund for the fiscal year ended December 31, 2019 was prepared:

- Revenues are expected to be approximately \$3,377,700 during the fiscal year ended 2019.
- The budget provides for a merit increase for employees.
- Other expenditures are expected to remain consistent with the prior year.

**City of Mansfield, Louisiana**

**Management's Discussion and Analysis (MD&A)  
December 31, 2018**

**Requests for Information**

The financial report is designed to provide a general overview of the finances of the City and seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Mansfield, P.O. Box 773, Mansfield, Louisiana 71052 or by calling (318) 872-0406.

**T | C | B | T**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and the City Council of  
Mansfield, Louisiana

**Report on the Financial Statements**

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 Mansfield, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Mansfield's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, as of December 31, 2018, 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.

## Other Matters

### *Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, and Non-major Combining Statements as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents is presented for purposes of additional analysis and is required by Louisiana Revised Statute R.S. 24:513 A.(3). The Schedule is listed as required supplementary information in the Table of Contents and presented for purposes of additional analysis. This schedule is not a required part of the basic financial statements.

We have applied certain limited procedures to the Management's Discussion and Analysis 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 it because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and Non-Major Combining Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the 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 May 10, 2019, on our consideration of the City of Mansfield'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 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 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 Mansfield's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated May 10, 2019, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Thomas, Cunningham, Broadway + Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's

May 10, 2019  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

City of Mansfield, Louisiana  
Government-Wide Statement of Net Position  
December 31, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current Assets-			
Cash & Cash Equivalents	\$ 3,092,950	\$ 728,879	\$ 3,821,829
Revenue Receivables, Net-			
Utility Billings	0	397,895	397,895
Other	479,581	0	479,581
Prepaid Expenses	22,188	8,706	30,894
Due from Other Funds	<u>0</u>	<u>2,657</u>	<u>2,657</u>
Total Current Assets	<u>\$ 3,594,719</u>	<u>\$ 1,138,137</u>	<u>\$ 4,732,856</u>
Non-Current Assets-			
Restricted Assets-			
Cash & Cash Equivalents	\$ 0	\$ 205,737	\$ 205,737
Customer's Deposit Accounts	0	304,362	304,362
Capital Assets - Net of Accumulated Depreciation	<u>3,632,827</u>	<u>12,786,815</u>	<u>16,419,642</u>
Total Non-Current Assets	<u>\$ 3,632,827</u>	<u>\$13,296,914</u>	<u>\$16,929,741</u>
Total Assets	<u>\$ 7,227,546</u>	<u>\$14,435,051</u>	<u>\$21,662,597</u>
Deferred Outflows of Resources	<u>\$ 649,585</u>	<u>\$ 303,317</u>	<u>\$ 952,902</u>
Liabilities:			
Current Liabilities-			
Accounts Payable	\$ 22,757	\$ 223,007	\$ 245,764
Accrued Payroll	62,599	29,104	91,703
Cash Bonds Payable	52,200	0	52,200
Due to Other Funds	2,657	0	2,657
Accrued Interest Payable	62,233	750	62,983
Current Portion - Long-Term Debt	<u>309,000</u>	<u>3,000</u>	<u>312,000</u>
Total Current Liabilities	<u>\$ 511,446</u>	<u>\$ 255,861</u>	<u>\$ 767,307</u>
Non-Current Liabilities-			
Payable from Restricted Assets-			
Customers' Deposits	\$ 0	\$ 202,802	\$ 202,802
Net Pension Liability	2,920,934	1,225,076	4,146,010
Long-term Debt	<u>4,754,000</u>	<u>1,142,980</u>	<u>5,896,980</u>
Total Non-Current Liabilities	<u>\$ 7,674,934</u>	<u>\$ 2,570,858</u>	<u>\$10,245,792</u>
Total Liabilities	<u>\$ 8,186,380</u>	<u>\$ 2,826,719</u>	<u>\$11,013,099</u>
Deferred Inflows of Resources	<u>\$ 518,947</u>	<u>\$ 72,325</u>	<u>\$ 591,272</u>
Net Position:			
Net Investment in Capital Assets	\$ 3,632,827	\$11,359,040	\$14,991,867
Restricted for Debt Service	0	0	0
Unrestricted	<u>(4,461,023)</u>	<u>480,284</u>	<u>(3,980,739)</u>
Total Net Position	<u>\$ (828,196)</u>	<u>\$11,839,324</u>	<u>\$11,011,128</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Government-Wide Statement of Activities  
For the Year Ended December 31, 2018

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$1,276,938	\$ 237	\$ 0	\$ 0	\$(1,276,701)	\$ 0	\$(1,276,701)
Public Safety	1,587,557	283,893	142,060	0	(1,161,604)	0	(1,161,604)
Public Works	374,812	0	8,644	0	(366,168)	0	(366,168)
Sanitation	131,649	229,977	0	0	98,328	0	98,328
Recreation	244	0	0	0	(244)	0	(244)
Sewer & Water	800,000	0	0	68,299	(731,701)	0	(731,701)
Interest on Long-term Debt	<u>150,096</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150,096)</u>	<u>0</u>	<u>(150,096)</u>
Total Governmental Activities	<u>\$4,321,296</u>	<u>\$ 514,107</u>	<u>\$150,704</u>	<u>\$ 68,299</u>	<u>\$(3,588,186)</u>	<u>\$ 0</u>	<u>\$(3,588,186)</u>
<b>Business-Type Activities:</b>							
Water	\$1,956,005	\$1,434,492	\$ 0	\$ 0	\$ 0	\$ (521,513)	\$ (521,513)
Sewer	597,973	423,002	0	800,000	0	625,029	625,029
Interest on Long-term Debt	<u>1,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,500)</u>	<u>(1,500)</u>
Total Business-Type Activities	<u>\$2,555,478</u>	<u>\$1,857,494</u>	<u>\$ 0</u>	<u>\$800,000</u>	<u>\$ 0</u>	<u>\$ 102,016</u>	<u>\$ 102,016</u>
Total Government	<u>\$6,876,774</u>	<u>\$2,371,601</u>	<u>\$150,704</u>	<u>\$868,299</u>	<u>\$(3,588,186)</u>	<u>\$ 102,016</u>	<u>\$(3,486,170)</u>
<b>General Revenues:</b>							
Taxes-							
Ad Valorem					\$ 430,886	\$ 0	\$ 430,886
Sales & Use					2,055,028	0	2,055,028
Franchise					294,970	0	294,970
Hotel & Motel					143,968	0	143,968
Licenses & Permits					250,412	0	250,412
Video Poker					188,570	0	188,570
Interest Income					10,010	6,104	16,114
Oil & Gas Royalty					12,077	0	12,077
Miscellaneous					<u>137,448</u>	<u>18,455</u>	<u>155,903</u>
Total General Revenues					<u>\$ 3,523,369</u>	<u>\$ 24,559</u>	<u>\$ 3,547,928</u>
Change in Net Position					\$ (64,817)	\$ 126,575	\$ 61,758
Net Position at Beginning of Year					<u>(763,379)</u>	<u>11,712,749</u>	<u>10,949,370</u>
Net Position at End of Year					<u>\$(828,196)</u>	<u>\$11,839,324</u>	<u>\$11,011,128</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

City of Mansfield, Louisiana  
Balance Sheet-Governmental Funds  
December 31, 2018

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>		
<u>Assets</u>				
Cash & Cash Equivalents	\$1,047,282	\$2,013,462	\$32,206	\$3,092,950
Revenue Receivables	416,687	62,894	0	479,581
Prepaid Expenses	22,188	0	0	22,188
Due from Other Funds	200	0	0	200
Total Assets	<u>\$1,486,357</u>	<u>\$2,076,356</u>	<u>\$32,206</u>	<u>\$3,594,919</u>
<u>Liabilities</u>				
Accounts Payable	\$ 14,141	\$ 8,616	\$ 0	\$ 22,757
Accrued Expenses	62,599	62,233	0	124,832
Cash Bonds Payable	52,200	0	0	52,200
Due to Other Funds	2,657	0	200	2,857
Total Liabilities	<u>\$ 131,597</u>	<u>\$ 70,849</u>	<u>\$ 200</u>	<u>\$ 202,646</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepaid Expenses	\$ 22,188	\$ 0	\$ 0	\$ 22,188
Restricted for:				
Debt Service	0	2,005,507	0	2,005,507
Assigned to:				
Police Witness Fees	0	0	32,131	32,131
Unassigned	<u>1,332,572</u>	<u>0</u>	<u>(125)</u>	<u>1,332,447</u>
Total	<u>\$1,354,760</u>	<u>\$2,005,507</u>	<u>\$32,006</u>	<u>\$3,392,273</u>
Total Liabilities & Fund Balances	<u>\$1,486,357</u>	<u>\$2,076,356</u>	<u>\$32,206</u>	<u>\$3,594,919</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2018

Total Fund Balances of the Governmental Funds	\$ 3,392,273
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Capital Assets	7,807,203
Less, Accumulated Depreciation	(4,174,376)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet-	
	649,585
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Long-term Debt	(5,063,000)
Net Pension Liability	(2,920,934)
Deferred Inflows of Resources are not due and payable in in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
	<u>(518,947)</u>
Net Position of Governmental Activities	\$ <u>(828,196)</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2018

	<u>Major Funds</u>		Nonmajor <u>Funds</u>	Total Governmental <u>Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>		
<b>REVENUES:</b>				
Taxes	\$2,248,637	\$ 676,214	\$ 0	\$2,924,851
Licenses & Permits	438,982	0	0	438,982
Intergovernmental	150,704	0	68,299	219,003
Charges for Services	272,244	0	20,525	292,769
Fines & Forfeitures	221,338	0	0	221,338
Miscellaneous	<u>105,214</u>	<u>1,319</u>	<u>33</u>	<u>106,566</u>
Total Revenues	<u>\$3,437,119</u>	<u>\$ 677,533</u>	<u>\$ 88,857</u>	<u>\$4,203,509</u>
<b>EXPENDITURES:</b>				
Current-				
General Government	\$1,325,123	\$ 34,681	\$ 0	\$1,359,804
Public Safety-				
Police	964,532	0	11,309	975,841
Fire	488,231	0	0	488,231
Public Works	345,658	0	0	345,658
Sanitation	121,409	0	0	121,409
Recreation	225	0	0	225
Capital Outlay	175,134	0	99,522	274,656
Debt Service				
Principal	0	300,000	0	300,000
Interest	<u>0</u>	<u>150,096</u>	<u>0</u>	<u>150,096</u>
Total Expenditures	<u>\$3,420,312</u>	<u>\$ 484,777</u>	<u>\$110,831</u>	<u>\$4,015,920</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 16,807	\$ 192,756	\$ (21,974)	\$ 187,589
Fund Balance-Beginning of Year	<u>1,337,953</u>	<u>1,812,751</u>	<u>53,980</u>	<u>3,204,684</u>
Fund Balance-End of Year	<u>\$1,354,760</u>	<u>\$2,005,507</u>	<u>\$ 32,006</u>	<u>\$3,392,273</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of the Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2018

Net Change in Fund Balance - Governmental Funds	\$ 187,589
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>	
<p>Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is</p>	
	274,657
<p>Depreciation expense on capital assets is reported in the Government- wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is</p>	
	(262,222)
<p>Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:</p>	
Non-Employer Pension Revenue	52,970
Pension Expense	182,189
<p>Payments made on Long-term Debt are shown as expenditures in the Governmental Funds, but the payments reduce Long-term Liabilities in the Statement of Net Position.</p>	
	300,000
<p>The net effect of capital contributed to the Proprietary Fund</p>	
	<u>(800,000)</u>
<p>Decrease in Net Position of Governmental Activities</p>	
	<u>\$ (64,817)</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Net Position  
Proprietary Funds  
Year Ended December 31, 2018

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Assets-</b>			
<b>Current Assets-</b>			
Cash & Cash Equivalents	\$ 608,952	\$ 119,927	\$ 728,879
Receivables	101,632	258,609	360,241
Less, Allowance for Doubtful Accounts	(15,381)	(35,106)	(50,487)
Unbilled Receivables	20,601	67,540	88,141
Due from General Fund	0	2,657	2,657
Prepaid Expenses	<u>1,073</u>	<u>7,633</u>	<u>8,706</u>
Total Current Assets	<u>\$ 716,877</u>	<u>\$ 421,260</u>	<u>\$ 1,138,137</u>
<b>Restricted Assets-</b>			
Cash & Cash Equivalents	\$ 0	\$ 205,737	\$ 205,737
Customer's Deposit Accounts	<u>0</u>	<u>304,362</u>	<u>304,362</u>
Total Restricted Assets	<u>\$ 0</u>	<u>\$ 510,099</u>	<u>\$ 510,099</u>
<b>Noncurrent Assets-</b>			
Land	\$ 0	\$ 70,361	\$ 70,361
Construction in Progress	0	208,923	208,923
Buildings	3,095	0	3,095
Machinery & Equipment	106,977	35,650	142,627
Vehicles	0	110,313	110,313
Water System	0	18,255,898	18,255,898
Sewer System	8,282,833	0	8,282,833
Less, Accumulated Depreciation	<u>(5,963,734)</u>	<u>(8,323,501)</u>	<u>(14,287,235)</u>
Total Noncurrent Assets	<u>\$ 2,429,171</u>	<u>\$10,357,644</u>	<u>\$ 12,786,815</u>
Total Assets	<u>\$ 3,146,048</u>	<u>\$11,289,003</u>	<u>\$ 14,435,051</u>
Deferred Outflows of Resources-	<u>\$ 68,246</u>	<u>\$ 235,071</u>	<u>\$ 303,317</u>
<b>Liabilities-</b>			
<b>Current Liabilities-</b>			
Accounts Payable	\$ 8,340	\$ 214,667	\$ 223,007
Accrued Payroll	4,584	24,520	29,104
Accrued Expenses	<u>0</u>	<u>750</u>	<u>750</u>
Total Current Liabilities	<u>\$ 12,924</u>	<u>\$ 239,937</u>	<u>\$ 252,861</u>

Continued next page.

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Net Position  
Proprietary Funds  
Year Ended December 31, 2018

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities Payable from Restricted Assets-			
Current Portion of Revenue Bonds	\$ 0	\$ 3,000	\$ 3,000
Customer's Deposits	<u>0</u>	<u>202,802</u>	<u>202,802</u>
Total Payable from Restricted Assets	<u>\$ 0</u>	<u>\$ 205,802</u>	<u>\$ 205,802</u>
Noncurrent Liabilities-			
Notes and Bonds Payable	\$ 0	\$ 1,142,980	\$ 1,142,980
Net Pension Liability	<u>275,642</u>	<u>949,434</u>	<u>1,225,076</u>
Total Noncurrent Liabilities	<u>\$ 275,642</u>	<u>\$ 2,092,414</u>	<u>\$ 2,368,056</u>
Total Liabilities	<u>\$ 288,566</u>	<u>\$ 2,538,153</u>	<u>\$ 2,826,719</u>
Deferred Inflow of Resources-	<u>\$ 16,273</u>	<u>\$ 56,052</u>	<u>\$ 72,325</u>
Net Position-			
Net Investment in Capital Assets	\$ 2,429,171	\$ 8,929,869	\$ 11,359,040
Restricted for-			
Revenue Bond Retirement	0	0	0
Unrestricted	<u>480,284</u>	<u>0</u>	<u>480,284</u>
Total Net Position	<u>\$ 2,909,455</u>	<u>\$ 8,929,869</u>	<u>\$ 11,839,324</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
Year Ended December 31, 2018

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for Services-			
Water	\$ 0	\$1,360,750	\$ 1,360,750
Sewer	408,645	0	408,645
Miscellaneous-			
Penalties & Charges	14,016	53,651	67,667
Other	<u>341</u>	<u>20,091</u>	<u>20,432</u>
Total Operating Revenues	<u>\$ 423,002</u>	<u>\$1,434,492</u>	<u>\$ 1,857,494</u>
Operating Expenses:			
Personnel Services	\$ 181,145	\$ 865,164	\$ 1,046,309
Billing Office	17,433	17,740	35,173
System Maintenance	41,470	148,431	189,901
Treatment Facilities	126,840	435,688	562,528
General & Administrative	49,247	88,738	137,985
Depreciation	<u>181,838</u>	<u>400,244</u>	<u>582,082</u>
Total Operating Expenses	<u>\$ 597,973</u>	<u>\$1,956,005</u>	<u>\$ 2,553,978</u>
Loss from Operations	<u>\$ (174,971)</u>	<u>\$ (521,513)</u>	<u>\$ (696,484)</u>
Non-operating Revenues (Expenses):			
Interest Income	\$ 1,538	\$ 4,566	\$ 6,104
Non-Employer Pension Revenue	4,152	14,303	18,455
Interest Expense	<u>0</u>	<u>(1,500)</u>	<u>(1,500)</u>
Total Non-operating Revenues (Expenses)	<u>\$ 5,690</u>	<u>\$ 17,369</u>	<u>\$ 23,059</u>
Loss Before Contributions	<u>\$ (169,281)</u>	<u>\$ (504,144)</u>	<u>\$ (673,425)</u>
Capital Contributions	<u>800,000</u>	<u>0</u>	<u>800,000</u>
Change in Net Position	\$ 630,719	\$ (504,144)	\$ 126,575
Net Position at Beginning of Year	<u>2,278,736</u>	<u>9,434,013</u>	<u>11,712,749</u>
Net Position at End of Year	<u>\$2,909,455</u>	<u>\$8,929,869</u>	<u>\$11,839,324</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2018

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 417,581	\$1,424,518	\$ 1,842,099
Cash Payments to Suppliers for Goods and Services	(235,747)	(521,187)	(756,934)
Cash Payments to Employees	<u>(184,119)</u>	<u>(871,030)</u>	<u>(1,055,149)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,285)</u>	<u>\$ 32,301</u>	<u>\$ 30,016</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers from Other Funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets-			
Total Asset Additions	\$(824,593)	\$ (252,620)	\$(1,077,213)
Less, Capital Contributed from Other Funds	800,000	0	800,000
Principal Paid on Capital Debt	0	(78,000)	(78,000)
Interest Paid on Capital Debt	<u>0</u>	<u>(1,500)</u>	<u>(1,500)</u>
Net Cash Used by Capital and Related Financing Activities	<u>\$ (24,593)</u>	<u>\$ (332,120)</u>	<u>\$ (356,713)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Income	<u>\$ 1,538</u>	<u>\$ 4,566</u>	<u>\$ 6,104</u>
Net Decrease in Cash & Cash Equivalents	\$ (25,340)	\$ (295,253)	\$ (320,593)
<b>CASH &amp; CASH EQUIVALENTS:</b>			
Beginning of Year	<u>634,292</u>	<u>925,279</u>	<u>1,559,571</u>
End of Year	<u>\$ 608,952</u>	<u>\$ 630,026</u>	<u>\$ 1,238,978</u>

See notes to financial statements.

Continued next page.

City of Mansfield, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2018

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Loss from Operations	\$(174,971)	\$ (521,513)	\$ (696,484)
ADJUSTMENTS TO RECONCILE LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation	181,838	400,244	582,082
(Increase)/Decrease in Accounts Receivable	(5,421)	(8,729)	(14,150)
Increase/(Decrease) in Accounts Payable	(757)	169,410	168,653
Increase/(Decrease) in Accrued Payroll	(277)	3,423	3,146
Increase/(Decrease) in Customer's Deposits	0	(1,245)	(1,245)
Increase/(Decrease) in Net Pension Liability	<u>(2,697)</u>	<u>(9,289)</u>	<u>(11,986)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,285)</u>	<u>\$ 32,301</u>	<u>\$ 30,016</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current Assets-			
Cash and Cash Equivalents	\$ 608,952	\$ 119,927	\$ 728,879
Restricted Assets-			
Cash and Cash Equivalents	<u>0</u>	<u>510,099</u>	<u>510,099</u>
Total Cash and Cash Equivalents	<u>\$ 608,952</u>	<u>\$ 630,026</u>	<u>\$ 1,238,978</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2018

## Introduction

The City of Mansfield (City) was incorporated under the Lawrason Act in 1948. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: police and fire protection, sanitation, streets, recreation, and general administration services. The City owns and operates two proprietary activities; utility systems, which provide water and sewer services.

### 1. Summary of Significant Accounting Policies

The financial statements of the City of Mansfield have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are described below.

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the City of Mansfield 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 of Mansfield.
2. Organizations for which the City of Mansfield does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the City of Mansfield has determined that there are no component units.

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B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounts and transactions of the City of Mansfield are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Funds are classified into two categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

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The funds of the City are described below:

Governmental Funds-

General Fund - To account for all financial resources except for those required to be accounted for in another fund.

Debt Service Fund - To account for the financial resources accumulated and payments made for principal and interest on the Sales Tax Bond, Series 2010B, the Limited Tax Revenue Bonds, Series 2010, and the Sales Tax Bond, Series 2011.

Police Witness Fees Fund - To account for all financial resources used to pay witness fees to police officers providing court testimony.

Capital Projects Fund - To account for all financial resources used for the acquisition or construction of major capital facilities funded through the Louisiana Community Development Block Grant Program.

The major governmental funds of the City are the General Fund and the Debt Service Fund.

Proprietary Funds-

Enterprise Funds

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise funds are:

Sewer Fund - Accounts for the provision of sewerage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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

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

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows, including unbilled water and sewer services. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days of the end of the current fiscal period. Other major revenues that are considered susceptible to accrual include earned grant revenues, charges for services, and interest earned on investments. Franchise fees, licenses and permits, and court fines are recognized when received because they are not objectively measurable.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control. Annual operating budgets are adopted each fiscal year and amended as required. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor and City Clerk prepare a proposed budget, based on departmental group budget requests, and submits the same to the council no later than fifteen days prior to the beginning of each fiscal year.

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2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an appropriation ordinance or adoption resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases/decreases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.
6. All budgetary appropriations lapse at the end of each fiscal year.

The City's procedures, with respect to its budget, are designed to meet the requirements of applicable Louisiana Revised Statutes. The City prepares budgets for its funds on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Council.

E. Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit.

F. Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Allowance for bad debts in the proprietary funds at December 31, 2018 was \$50,487. Allowance for bad debts in the governmental funds at December 31, 2018 was \$4,377.

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G. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 for capitalizing assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Sewer System	20 years
Water System	20-40 years
Buildings & building improvements	40-50 years
Streets & sidewalks	40 years
Furniture & fixtures	5-7 years
Vehicles	5-15 years
Equipment	5-10 years

H. Compensated Absences

City employees earn from ten to twenty days of vacation leave and from twelve to thirty days of sick leave each year. Vacation leave does not accumulate and accrued sick leave does not vest with the employee; therefore, there is no accrual for compensated absences as of December 31, 2018.

I. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between the individual funds. These interfund receivables/payables are classified on the balance sheet as "Due from Other Funds" or "Due to Other Funds". Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are presented as internal balances.

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J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

In the fund financial statements, governmental fund types recognize debt issued as other financing sources. Repayment of the principal and interest is shown as an expenditure.

K. Restricted Assets

Certain resources of the Water Fund are classified as restricted assets on the balance sheet because their use is limited by bond ordinances, or because they represent customers' deposits being held by the fund.

L. Pensions

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. See note 7, for more information on the individual retirement systems.

M. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

N. Fund Equity

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

In the General Fund, the City has an unassigned fund balance of \$1,332,572. If applicable, the City would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds. The City establishes fund balance commitments and assignments by passage of an ordinance or resolution.

O. Net Position

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. In the governmental activities, the net investment in capital assets does not include the reduction of outstanding bond balances, because the debt was acquired to construct necessary assets for the Water and Sewer funds.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

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P. Estimates

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

2. Ad Valorem Taxes

The City levies taxes on real and business personal property located within the boundaries of the City. Property taxes are levied by the City on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The City bills and collects its own property taxes. The City recognizes property tax revenues when levied.

	<u>Property Tax Calendar</u>
Assessment date	January 1
Levy date	December 31
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties & interest added	January 31
Lien date	January 31
Tax sale	May 15

For the year ended December 31, 2018, taxes of 16.61 mills were levied on property with an assessed valuation totaling \$24,910,555, and were dedicated as follows:

General Alimony	8.15 mills
Operating	8.46 mills

Total taxes collected were \$430,866 after small adjustments were made to the original tax roll. Delinquent taxes are collected by the sale of the related property; therefore, no provision for uncollectibles is made.

The five largest taxpayers and their assessed valuation are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
Cleco Power, LLC	\$2,158,299
Community Bank of LA	1,348,897
Wal-mart Real Estate	717,195
Govind Hospitality, LLC	660,740
Capital One, National Association	<u>599,900</u>
 Total	 <u>\$5,485,031</u>

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3. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2018, is as follows:

	Balance <u>1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2018</u>
Governmental Activities:				
Capital Assets not Depreciated-				
Land	\$ 201,820	\$ 0	\$ 0	\$ 201,820
Construction in Progress	731,700	68,300	800,000	0
Capital Assets Depreciated-				
Buildings & Improvements	1,073,043	0	0	1,073,043
Other Improvements	3,680,138	0	0	3,680,138
Equipment	869,184	142,637	0	1,011,821
Office Furniture	3,555	0	0	3,555
Vehicles	<u>1,773,106</u>	<u>63,720</u>	<u>0</u>	<u>1,836,826</u>
Total Capital Assets	<u>\$8,332,546</u>	<u>\$274,657</u>	<u>\$ 800,000</u>	<u>\$7,807,203</u>
Less, Accumulated Depreciation-				
Buildings & Improvements	\$ 563,021	\$ 30,023	\$ 0	\$ 593,044
Other Improvements	1,280,414	75,545	0	1,355,959
Equipment	778,462	51,205	0	829,667
Office Furniture	3,555	0	0	3,555
Vehicles	<u>1,286,702</u>	<u>105,449</u>	<u>0</u>	<u>1,392,151</u>
Total Accumulated Depreciation	<u>\$3,912,154</u>	<u>\$262,222</u>	<u>\$ 0</u>	<u>\$4,174,376</u>
Governmental Activities Capital Assets, Net	<u>\$4,420,392</u>	<u>\$ 12,435</u>	<u>\$(800,000)</u>	<u>\$3,632,827</u>

Depreciation expense of \$262,222 for the year ended December 31, 2018, was charged to the following governmental functions:

General Fund-	
General Government	\$ 99,324
Public Safety	123,485
Public Works	29,154
Sanitation	10,240
Recreation	<u>19</u>
Total General Fund	<u>\$262,222</u>

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	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
Business-Type Activities:				
Capital Assets not Depreciated-				
Land	\$ 70,361	\$ 0	\$0	\$ 70,361
Construction in Progress	15,318	193,605	0	208,923
Capital Assets Depreciated-				
Buildings	3,095	0	0	3,095
Water Treatment Plant	4,668,619	30,865	0	4,699,484
Machinery & Equipment	242,145	10,795	0	252,940
Pumping Station	1,524,408	0	0	1,524,408
Transmission Line	3,790,564	0	0	3,790,564
Water System	8,213,291	28,150	0	8,241,441
Sewer System	4,482,709	813,798	0	5,296,507
Sewer Treatment Plant	<u>2,986,327</u>	<u>0</u>	<u>0</u>	<u>2,986,327</u>
Total Capital Assets	<u>\$25,996,837</u>	<u>\$1,077,213</u>	<u>\$0</u>	<u>\$27,074,050</u>
Less, Accumulated Depreciation-				
Buildings	\$ 3,095	\$ 0	\$0	\$ 3,095
Water Treatment Plant	2,498,969	119,787	0	2,618,756
Machinery & Equipment	512,335	26,347	0	538,682
Pumping Station	1,052,786	22,460	0	1,075,246
Transmission Line	2,404,207	46,422	0	2,450,629
Water System	1,549,771	188,040	0	1,737,811
Sewer System	3,237,175	135,282	0	3,372,457
Sewer Treatment Plant	<u>2,446,815</u>	<u>43,744</u>	<u>0</u>	<u>2,490,559</u>
Total Accumulated Depreciation	<u>\$13,705,153</u>	<u>\$ 582,082</u>	<u>\$0</u>	<u>\$14,287,235</u>
Business-Type Activities Capital Assets, Net	<u>\$12,291,684</u>	<u>\$ 495,131</u>	<u>\$0</u>	<u>\$12,786,815</u>

Depreciation expense of \$582,082 for the year ended December 31, 2018, was charged to the following business-type functions:

Water System	\$400,244
Sewer System	<u>181,838</u>
Total Utility Fund	<u>\$582,082</u>

#### 4. Long-Term Debt

The following is a summary of the long-term obligation transactions for the year ended December 31, 2018.

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Funds:				
Series 2010B Sales Tax Bonds	\$2,356,000	\$0	\$143,000	\$2,213,000
Series 2010 Limited Tax Revenue Bonds	878,000	0	46,000	832,000
Series 2011 Sales Tax Bonds	<u>2,129,000</u>	<u>0</u>	<u>111,000</u>	<u>2,018,000</u>
Total Governmental Funds	<u>\$5,363,000</u>	<u>\$0</u>	<u>\$300,000</u>	<u>\$5,063,000</u>
Proprietary Funds:				
Series 2013 Water Revenue Refunding Bonds	\$ 75,000	\$0	\$ 75,000	\$ 0
URAF Agreements 8085, 8751, 8996	365,227	0	3,000	362,227
URAF Agreements 06465	133,859	0	0	133,859
URAF Agreements LTM-116-02	49,573	0	0	49,573
URAF Agreements LTM-399	<u>600,321</u>	<u>0</u>	<u>0</u>	<u>600,321</u>
Total Proprietary Funds	<u>\$1,223,980</u>	<u>\$0</u>	<u>\$ 78,000</u>	<u>\$1,145,980</u>
Grand Total	<u>\$6,586,980</u>	<u>\$0</u>	<u>\$378,000</u>	<u>\$6,208,980</u>

Bonds and notes payable at December 31, 2018 are comprised of the following:

Governmental Funds

1. Sales Tax Bonds, Series 2010, interest at 2.95%, dated February 11, 2010, in the original amount of \$4,120,000. The bond issue consisted of \$1,000,000 of Sales Tax Revenue Bonds, Series 2010A (ARRA) and \$3,120,000 of Sales Tax Bonds, Series 2010B. The Louisiana Department of Health and Hospitals agreed to purchase the Sales Tax Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of sales and use tax revenues and the net revenues of the water system. Scheduled principal and interest payments are due annually through February 1, 2030.
2. Limited Tax Revenue Bonds, Series 2010, interest at 2.95%, dated November 10, 2011, in the original amount of \$1,550,000. The Louisiana Department of Health and Hospitals agreed to purchase the Limited Tax Revenue Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the full faith and credit of the City. The net revenues of the water system shall be set aside in the funds and accounts described in the authorizing ordinance and shall be and remain so pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. Scheduled principal and interest payments are due annually through October 1, 2032.

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3. Sales Tax Bonds, Series 2011, interest at 2.95%, dated January 6, 2012, in the original amount of \$3,280,000. The Louisiana Department of Health and Hospitals agreed to purchase the Sales Tax Bonds, Series 2011 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the revenues of a ½% sales and use tax of the City authorized at an election held on October 4, 2008, after payment of the reasonable costs of collecting and administering the tax. The net revenues of the tax shall be and remain pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. Scheduled principal and interest payments are due annually through February 1, 2032.

Proprietary Funds

1. Water Refunding Bonds, Series 2013 (Refunding 2005 Bonds and 1997 Bonds) at variable interest rates dated January 21, 2013, in the original amount of \$809,000. Scheduled principal and interest payments due annually through 2018.
2. Utility Relocation Assistance Funding Agreement, non-interest bearing, dated March 14, 2001 (238,029); July 24, 1996 (\$106,665); and July 9, 1998 (\$50,533). Principal payments of \$3,000 due annually through 2039.
3. Utility Relocation Assistance Funding Agreement – 06465, non-interest bearing, dated May 16, 2006, due upon demand.
4. Utility Relocation Assistance Funding Agreement – LTM 116-02, non-interest bearing, dated July 12, 1982, due upon demand.
5. Utility Relocation Assistance Funding Agreement – LTM 399-02, non-interest bearing, dated December 16, 2008, due upon demand.

The annual debt service requirements to maturity for these loans are as follows:

	<u>Governmental Funds</u>		
<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 309,000	\$ 144,801	\$ 453,801
2020	317,000	135,567	452,567
2021	328,000	126,053	454,053
2022	337,000	116,245	453,245
2023	347,000	106,156	453,156
2024-2028	1,895,000	368,647	2,263,647
2029-2033	<u>1,530,000</u>	<u>83,278</u>	<u>1,613,278</u>
Total	<u>\$5,063,000</u>	<u>\$1,080,747</u>	<u>\$6,143,747</u>

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<u>Year Ending</u> <u>December 31</u>	<u>Proprietary Funds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,000	\$0	\$ 3,000
2020	3,000	0	3,000
2021	3,000	0	3,000
2022	3,000	0	3,000
2023	3,000	0	3,000
2024-2028	15,000	0	15,000
2029-2033	15,000	0	15,000
2034-2038	15,000	0	15,000
2039-2043	15,000	0	15,000
2044-2048	15,000	0	15,000
2049-2053	15,000	0	15,000
Thereafter	<u>1,040,980</u>	<u>0</u>	<u>1,040,980</u>
<b>Total</b>	<b><u>\$1,145,980</u></b>	<b><u>\$0</u></b>	<b><u>\$1,145,980</u></b>

\*Standards require disclosure of principal and interest requirements to maturity for each of the five subsequent fiscal years and in five-year increments thereafter. However for the URAF Agreements, the presentation of the five-year increments to maturity would cause over-complication of the note. The payments are to be made at \$3,000/year with no corresponding interest.

5. Restricted Assets

Certain resources set aside for repayment of bonded indebtedness and customers' utility deposits are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances or deposit agreements.

Water revenue bonds are obligations of the City solely secured by a pledge of the net revenues of the water system. The revenue of the water system and the various special depository accounts established by the bond ordinances collateralize the bonds. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance of the system and then to meet the funding covenants of the obligations. Any remaining revenues may then be used for any lawful purpose.

The ordinances authorizing the water revenue bonds require the City to establish certain depository accounts. The City is required to make monthly deposits to these accounts to satisfy the requirements of the related bond covenants to assure payment of principal and interest when due.

The bond covenants of the water revenue bonds require the City to establish the following accounts:

Waterworks Revenue Bond and Interest Sinking Fund - The City must transfer into this fund, each month, one twelfth of the principal and one-sixth of the interest due on the next principal and interest payment dates. Such transfers will be fully sufficient to promptly and fully pay principal and interest installments as they become due and may be used only for such payments.

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Waterworks Depreciation and Contingencies Fund -The City must transfer into this fund, each month, an amount equal to five percent of the amount paid into the Sinking Fund until there will have accumulated in the Depreciation and Contingencies Fund an amount equal to \$25,000. The money in the Depreciation and Contingencies Fund shall be used to care for extensions, additions, improvements, renewals, and replacement s necessary to properly operate the system. In addition, the money in this fund may be used to pay the principal and interest on bonds payable for which there is not sufficient money in the Sinking Fund or the Reserve Fund.

6. Debt Service Fund

Under the terms of the loan and pledge agreements for the Drinking Water Revolving Loan Fund utilized by the Louisiana Department of Health and Hospitals to purchase the City's Sales Tax Bonds, Series 2010 and Series 2011; the City is required to establish a Debt Service Fund to account for transactions related to these bond issues. The loan and pledge agreement requires four separate bank deposit accounts be established and maintained within the Debt Service Fund:

- *Sales Tax Account* - the proceeds of the one-half percent sales tax dedicated to fund the Sales Tax Bonds, Series 2010 and Series 2011, shall be deposited daily into this account.
- *Construction Account* - each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.
- *Sinking Fund Account* - The City must transfer from the Sales Tax Account into this account, each month on or before the 20th day of each month, an amount equal to the principal and interest accruing on the Bonds for such month, together with such additional proportionate sum as may be required to pay said principal; and interest and administrative fee as the same respectively become due.
- *Reserve Fund Account* - maintained solely for the purpose of paying the principal of and interest on Series 2010 and Series 2011 Bonds. The Reserve Fund is required to be funded in an amount equal to one half of the highest principal and interest requirements for any succeeding Bond Year on the Bonds by transferring such amounts as will result in the sum on deposit to be equal to the reserve account requirement.

Under the terms of the loan and pledge agreement for the Drinking Water Revolving Loan Fund utilized by the Louisiana Department of Health and Hospitals to purchase the City's Limited Tax Revenue Bonds, Series 2010; the City is required to establish a Debt Service Fund to account for transactions related to this bond issue.

The loan and pledge agreement requires two separate bank deposit accounts be established and maintained within the Debt Service Fund :

- *Construction Account* - each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.

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- *Sinking Fund Account* - The City must deposit from the reserves of the tax or moneys available from any source, including the one half of one percent sales and use tax not less than fifteen (15) days prior to the date that any principal and/or interest falls due, sufficient funds to pay said principal and interest.

7. Employee Retirement Systems

Substantially all employees of the City of Mansfield are members of either the Municipal Employees Retirement System of Louisiana (Plan A) or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. General Information about the Plans

*Municipal Employees Retirement System of Louisiana (MERS)*

*Plan Description*

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of MERS.

Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in MERS, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the “regular plan” and the “supplemental plan” were replaced, and are now known as Plan “A” and Plan “B”. Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. MERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.la.state.la.us](http://www.la.state.la.us).

*Benefits Provided*

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

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### Retirement

Any member of Plan A who was hired prior to January 1, 2013 can retire providing he/she meets one of the following criteria:

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

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

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

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

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings.

### Survivor's Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

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Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

#### **Deferred Retirement Option Plan (DROP)**

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

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

#### **Disability Benefits**

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

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### Cost-of-Living Increases

MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows MERS to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

### Deferred Benefits

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

### *Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending December 31, 2018, the actual employer contribution rate was 24.75% for Plan A.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. MERS also receives revenue sharing funds each year as appropriated by the Legislature. The additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. The non-employer contribution was \$46,138.

The City's contractually required composite contribution rate for the year ended December 31, 2018 was 26.00% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the City were \$354,593 for the year ended December 31, 2018.

### *Municipal Police Employees Retirement System of Louisiana (LAMPERS)*

#### *Plan Description*

LAMPERS was established by Act 189 of the 1973 regular session of the Legislature of the State of Louisiana to provide retirement, disability and survivor benefits to municipal police officers in Louisiana.

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Benefit provisions are authorized within Act 189 of 1973 and amended by Louisiana Revised Statutes 11:2211 – 11:2233. Participants should refer to the appropriate statutes for more complete information.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. LAMPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.lampers.org](http://www.lampers.org) or [www.la.state.la.us](http://www.la.state.la.us).

#### *Benefits Provided*

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

#### **Retirement**

##### Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of LAMPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of LAMPERS for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

##### Membership Commencing January 1, 2013

Membership eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of LAMPERS and has 25 years of creditable service at any age or has 12 years creditable service and is age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of LAMPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of LAMPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% and 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

#### **Cost-of-Living Increases**

The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a COLA until they reach retirement age.

#### **Deferred Retirement Option Plan (DROP)**

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

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

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### Initial Benefit Option Plan

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

#### *Contributions*

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended December 31, 2018, total contributions due for employers and employees were 40.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 30.75% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 30.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$25,287 are recognized as revenue, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended December 31, 2018 was 32.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the City were \$125,734 for the year ended December 31, 2018.

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

At December 31, 2018 and 2017, the City reported a total of \$4,146,010 for its proportionate shares of the Net Pension Liabilities of the Plans.

Plan	Measurement Date	
	June 30, 2018	June 30, 2017
MERS	\$3,062,690	\$3,068,389
LAMPERS	1,083,320	1,290,330
Total	\$4,146,010	\$4,358,719

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The Net Pension Liabilities were measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liabilities were determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018 and 2017, the City's proportions of each were as follows:

Plan	Proportionate Share	
	June 30, 2018	June 30, 2017
MERS	.739659%	.733464%
LAMPERS	.128142%	.147797%
Total	.867801%	.881261%

For the year ended December 31, 2018 and 2017, the City recognized pension expense including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions as follows:

Plan	Measurement Date	
	June 30, 2018	June 30, 2017
MERS	\$329,886	\$368,632
LAMPERS	(42,729)	50,644
Total	\$287,157	\$419,276

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	MERS		LAMPERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 108,891	\$ 4,884	\$ 55,360	\$ 4,884	\$ 164,251
Changes in Assumptions	92,197	-	70,794	-	162,991	-
Net Difference between projected and actual earnings on pension plan	469,338	-	51,932	-	521,270	-
Changes in employer's proportion of beg NPL	14,030	70,534	-	355,009	14,030	425,543
Differences between employer and proportionate share of contributions	-	1,389	2,636	89	2,636	1,478
Subsequent Measurement Contributions	182,728	-	64,363	-	247,091	-
Total	\$ 758,293	\$ 180,814	\$ 194,609	\$ 410,458	\$ 952,902	\$ 591,272

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The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date in the amount of \$247,091, will be recognized as a reduction of the Net Pension Liabilities in the year December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2019	\$ 67,428
2020	57,040
2021	(25,232)
2022	15,303
Total	\$114,539

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liabilities for the valuation date of June 30, 2018 is as follows:

<u>Assumptions</u>	<u>MERS</u>	<u>LAMPERS</u>
Actuarial cost method	Entry age normal cost	Entry age normal cost
Expected remaining service lives	3 years	4 years
Investment rate of return	7.275%	7.200%
Inflation rate	2.600%	2.600%
Salary increases	5.000%	Varies from 9.75% to 4.25%, depending on years of service

Mortality rates for MERS were based on RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA for annuitant and beneficiary. For employees, the RP-2000 Sex Distinct Table set back 2 years for both males and females. For disabled annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females. The actuarial assumptions were based on the results of an experience study, for the period July 1, 2009 through June 30, 2014.

Mortality rates for LAMPERS were based on RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Tax set back 4 years for males and 3 years for females for active members. The assumptions were based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in pensions target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	MERS		LAMPERS	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	50.00%	2.20%	52.00%	3.58%
Fixed Income	35.00%	1.50%	22.00%	0.46%
Alternative	15.00%	0.60%	20.00%	1.07%
Other	0.00%	0.00%	6.00%	0.17%
Totals	100.00%	4.30%	100.00%	5.28%
Inflation		2.70%		2.75%
Expected Nominal Return		7.00%		8.03%

The discount rate used to measure the total pension liability was 7.275% for MERS and 7.20% for LAMPERS. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, MERS and LAMPERS 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 of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the Net Pension Liabilities using the discount rates as shown above, as well as what the City's proportionate share of the Net Pension Liabilities would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS	\$3,934,304	\$3,062,690	\$2,318,736
LAMPERS	\$1,522,365	\$1,083,320	\$ 714,979

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*Pension Plan Fiduciary Net Position*

Detailed information about the pension plans' fiduciary net positions are available in the separately issued financial statements of the Plans.

8. Cash and Investments

The cash and cash equivalents of the City are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.

Cash and investments are held separately by each of the City's funds. At December 31, 2018, cash and investments totaled \$4,161,856 (book balances), including \$750 cash on hand. Bank account and investment balances at December 31, 2018, totaled \$4,384,088. Of this amount, \$916,856 was insured by federal depository insurance, and \$3,467,232 was secured by government securities and pledged securities.

*Interest Rate Risk:* This is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the City diversifies its investments by security type and institution.

*Credit Risk:* Generally, credit risk is the risk that the issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the City may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The City may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

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Cash and cash equivalents held at December 31, 2018 include \$170,022 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP is rated AAA by Standard & Poors.

9. Compensation of City Councilmen

A detail of compensation paid to individual councilmen for the year ended December 31, 2018 follows:

Mitchell L. Lewis	\$ 9,600
Kervin Campbell	9,600
Mary Green	9,600
Brenda Hall	4,800
Chris Thomas	4,800
Joseph Hall, Jr.	<u>9,600</u>
Total	<u>\$48,000</u>

10. Receivables

The following is a summary of receivables at December 31, 2018:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Tax, Licenses & Permits-					
Ad Valorem	\$112,284	\$ 0	\$ 0	\$ 0	\$112,284
Sales & Use	125,808	62,894	0	0	188,702
Franchise	69,616	0	0	0	69,616
Hotel Occupancy	9,743	0	0	0	9,743
Video Poker	35,525	0	0	0	35,525
Other Receivables	<u>63,711</u>	<u>0</u>	<u>106,852</u>	<u>291,043</u>	<u>461,606</u>
Total	<u>\$416,687</u>	<u>\$62,894</u>	<u>\$106,852</u>	<u>\$291,043</u>	<u>\$877,476</u>

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2018

Allowance for bad debts for the garbage collections in the general fund is \$4,377. Allowance for bad debts for the sewer fund is \$15,381 and for the water fund is \$35,106.

11. Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transaction for the fiscal year ended December 31, 2018.

12. On-Behalf Payments

Certain employees of the City Police Department and City Fire Department receive supplemental pay from the State. In accordance with GASB Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$128,968 and the related expenditures are as follows:

City Police Department	\$ 72,167
City Fire Department	<u>47,000</u>
Total	<u>\$119,167</u>

13. Commitments and Contingencies

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

14. Government-Wide Net Position:

The governmental activities net position is a deficit in the government-wide Statement of Net Position. This is caused by the governmental activities owing debt for items which is ultimately capitalized in the business-type activities. These debts will be paid with obligated sales tax funds.

15. Subsequent Events:

Management has evaluated events through May 10, 2019, the date which the financial statements were available for issue.

REQUIRED SUPPLEMENTAL INFORMATION

City of Mansfield, Louisiana  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$2,006,300	\$2,111,800	\$2,248,637	\$136,837
Licenses & Permits	455,800	413,000	438,982	25,982
Intergovernmental	165,760	164,660	150,704	(13,956)
Charges for Services	285,300	279,200	272,244	(6,956)
Fines & Forfeitures	204,600	235,600	221,338	(14,262)
Miscellaneous-				
Interest	6,200	8,700	8,658	(42)
Oil and Gas Royalties	10,000	10,000	12,078	2,078
Miscellaneous	<u>17,400</u>	<u>83,000</u>	<u>84,478</u>	<u>1,478</u>
Total Revenues	<u>\$3,151,360</u>	<u>\$3,305,960</u>	<u>\$3,437,119</u>	<u>\$131,159</u>
EXPENDITURES:				
Current-				
General Government	\$1,283,310	\$1,304,010	\$1,325,123	\$ (21,113)
Public Safety-				
Police	996,350	1,017,350	964,532	52,818
Fire	420,700	467,582	488,231	(20,649)
Public Works	348,500	331,400	345,658	(14,258)
Sanitation	102,500	113,500	121,409	(7,909)
Recreation	0	0	225	(225)
Capital Outlay	<u>197,015</u>	<u>237,815</u>	<u>175,134</u>	<u>62,681</u>
Total Expenditures	<u>\$3,348,375</u>	<u>\$3,471,657</u>	<u>\$3,420,312</u>	<u>\$ 51,345</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	\$ (197,015)	\$ (165,697)	\$ 16,807	\$182,504
Fund Balance-Beginning of Year	<u>1,337,953</u>	<u>1,337,953</u>	<u>1,337,953</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,140,938</u>	<u>\$1,172,256</u>	<u>\$1,354,760</u>	<u>\$182,504</u>

See independent auditor's report.

City of Mansfield, Louisiana  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended December 31, 2018

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
<i>Municipal Employees' Retirement System</i>					
2015	.88523%	\$3,162,196	\$1,491,121	212%	66.13%
2016	.80079%	\$3,282,200	\$1,481,072	222%	62.11%
2017	.73346%	\$3,068,390	\$1,310,670	234%	62.49%
2018	.73966%	\$3,062,690	\$1,397,346	219%	63.94%
<i>Municipal Police Employees' Retirement System</i>					
2015	.22672%	\$1,776,083	\$613,552	289%	70.73%
2016	.19602%	\$1,837,222	\$476,917	385%	66.04%
2017	.14780%	\$1,290,330	\$404,849	319%	70.08%
2018	.12814%	\$1,083,320	\$399,156	271%	71.89%

See notes to financial statements and independent auditor's report.

City of Mansfield, Louisiana  
Schedule of Employer's Contributions  
For the Year Ended December 31, 2018

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
<i>Municipal Employees' Retirement System</i>					
2015	\$294,496	\$294,496	\$0	\$1,491,121	19.75%
2016	\$292,512	\$292,512	\$0	\$1,481,072	19.75%
2017	\$311,298	\$311,298	\$0	\$1,310,670	23.75%
2018	\$354,593	\$354,593	\$0	\$1,397,346	25.38%
<i>Municipal Police Employees' Retirement System</i>					
2015	\$180,998	\$180,998	\$0	\$613,552	29.50%
2016	\$145,792	\$145,792	\$0	\$476,917	30.57%
2017	\$126,636	\$126,636	\$0	\$404,849	31.28%
2018	\$125,734	\$125,734	\$0	\$399,156	31.50%

City of Mansfield, Louisiana  
 Schedule of Compensation, Benefits and Other Payments to  
 Agency Head or Chief Executive Officer  
 For the Year Ended December 31, 2018

<u>Purpose</u>	<u>Curtis McCoy</u>	<u>John Mayweather, Sr.</u>
Salary	\$22,500	\$22,500
Benefits - Insurance	6,985	3,600
Benefits - Retirement	5,569	5,850
Deferred Compensation	0	0
Benefits - Other	392	392
Car Allowance	4,500	4,500
Vehicle provided by Government	0	0
Cell Phone	757	0
Dues	0	0
Vehicle Rental	0	0
Per Diem	0	0
Reimbursements (fuel & auto)	0	0
Travel	0	0
Registration Fees	0	0
Conference Travel	0	0
Housing	0	0
Unvouchered Expenses	0	0
Special Meals	0	0
Other	0	0
Total	\$40,703	\$36,842

See independent auditor's report.

NON-MAJOR FUNDS

City of Mansfield, Louisiana  
Combining Balance Sheet-Non-Major Funds  
December 31, 2018

	<u>Special Revenue Fund</u> Police Witness Fees Fund	Capital Projects Fund	<u>Total</u>
<u>Assets</u>			
Cash & Cash Equivalents	<u>\$32,131</u>	<u>\$ 75</u>	<u>\$32,206</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Due to other Funds	\$ <u>0</u>	\$ <u>200</u>	\$ <u>200</u>
Fund Balances:			
Assigned to-			
Police witness fees	\$32,131	\$ 0	\$32,131
Unassigned	<u>0</u>	<u>(125)</u>	<u>(125)</u>
Total	<u>\$32,131</u>	<u>(125)</u>	<u>\$32,006</u>
 Total Liabilities and Fund Balances	 <u>\$32,131</u>	 <u>\$ 75</u>	 <u>\$32,206</u>

See notes to financial statements and independent auditor's report.

City of Mansfield, Louisiana  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance-Non-Major Funds  
For the Year Ended December 31, 2018

	<u>Special Revenue Fund</u> Police Witness Fees Fund	Capital Projects Fund	<u>Total</u>
Revenues:			
Charges for Services	\$ 20,525	\$ 0	\$ 20,525
Intergovernmental	0	68,299	68,299
Interest	<u>33</u>	<u>0</u>	<u>33</u>
Total Revenues	<u>\$ 20,558</u>	<u>\$68,299</u>	<u>\$ 88,857</u>
Expenditures:			
Current-			
Public Safety	\$ 11,309	\$ 0	\$ 11,309
Capital Outlay	<u>31,223</u>	<u>68,299</u>	<u>99,522</u>
Total Expenditures	<u>\$ 42,532</u>	<u>\$68,299</u>	<u>\$110,831</u>
Net Change in Fund Balances	\$(21,974)	\$ 0	\$(21,974)
Fund Balances – Beginning of Year	<u>54,105</u>	<u>(125)</u>	<u>53,980</u>
Fund Balances – End of Year	<u>\$ 32,131</u>	<u>\$ (125)</u>	<u>\$ 32,006</u>

See notes to financial statements and independent auditor's report.

## OTHER REPORTS

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
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Ryan E. Todtenbier, CPA – A Professional Corporation

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

To the Mayor and the City Council of  
Mansfield, 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mansfield as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Mansfield's basic financial statements, and have issued our report thereon dated May 10, 2019.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's

May 10, 2019  
Natchitoches, Louisiana

City of Mansfield, Louisiana  
Schedule of Audit Findings  
Year Ended December 31, 2018

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the City of Mansfield as of and for the year ended December 31, 2018.
2. The audit disclosed no material weaknesses in internal control.
3. The audit disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*.

*None identified.*

III. PRIOR YEAR FINDINGS

Compliance-

*2018-001 Cash Balance Unsecured*

*Condition* - The cash balance in the bank was not fully secured by FDIC or pledged securities at December 31, 2018.

*Current Status* – This finding is cleared at December 31, 2018.

**T | C | B | T**  
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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING  
STATEWIDE AGREED-UPON PROCEDURES**

Mayor and the City Council  
of Mansfield, Louisiana  
P. O. Box 773  
Mansfield, LA 71052

We have performed the procedures enumerated below, which were specified and agreed to by the City of Mansfield and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The City of Mansfield is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

***Written Policies and Procedures***

---

1. We obtained and inspected the entity’s written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
  - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - ***Disbursements***, including processing, reviewing, and approving.

- **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)
  - **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
  - **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- a) Procedure Results - Not required due to no exceptions in this area in the prior year.

***Board (or Finance Committee, if applicable)***

---

2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
  - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.
- a) Procedure Results – Not required due to no exceptions in this area in the prior year.

### ***Bank Reconciliations***

---

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
- Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
- a) Procedure Results – We noted no exceptions.

### ***Collections***

---

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
- Employees that are responsible for cash collections do not share cash drawers/registers.
  - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
  7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above. We obtained supporting documentation for each of the deposits selected and:
    - a. We observed that receipts are sequentially pre-numbered.
    - b. We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - c. We traced the deposit slip total to the actual deposit per the bank statement.
    - d. We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
    - e. We traced the actual deposit per the bank statement to the general ledger.
      - a) Procedure Results – Not required due to no exceptions in this area in the prior year.

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

---

8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, we obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
  - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - At least two employees are involved in processing and approving payments to vendors.
  - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
  1. We observed that the disbursement matched the related original invoice/billing statement.
  2. We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
    - a) Procedure Results - Not required due to no exceptions in this area in the prior year.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
  1. We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  2. We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.
  - a) Procedure Results – We noted no exceptions.

#### ***Travel and Expense Reimbursement***

---

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

- If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
  - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
- a) Procedure Results – Not required due to no exceptions in this area in the prior year.

### *Contracts*

---

15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
  - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.
- a) Procedure Results – Not required due to no exceptions in this area in the prior year.

### *Payroll and Personnel*

---

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:

- a) We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) We observed that supervisors approved the attendance and leave of the selected employees/officials.
  - c) We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
- a) Procedure Results – Not required due to no exceptions in this area in the prior year.

### ***Ethics***

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
- a) Procedure Results – Not required due to no exceptions in this area in the prior year.

### ***Debt Service (excluding nonprofits)***

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21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.
- a) Procedure Results – Not required due to no exceptions in this area in the prior year.

*Other*

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23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
- a) Procedure Results – Not required due to no exceptions in this area in the prior year.

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

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

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May 10, 2019  
Natchitoches, Louisiana