

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

JUNE 30, 2018

City of Winnfield, Louisiana
Annual Financial Report
June 30, 2018

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City of Winnfield, Louisiana

Management's Discussion and Analysis (MD&A)

June 30, 2018

Our discussion and analysis of the City of Winnfield's financial performance provides an overview of the City's financial activities for the fiscal year ended on June 30, 2018. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the City's financial statements, which immediately follow this section.

Financial Highlights

- The assets of the City of Winnfield exceeded its liabilities at the close of the most recent fiscal year by \$16,467,598 (Net Position). This was an increase of \$2,406,353 or 17.1% from the prior year.
- During the year, the City had expenses that were \$480,452 more than revenues for governmental programs (before net transfers in of \$764,652). This compares to the prior year when expenses exceeded revenues before net transfers in by \$1,180,395.
- In the City's business-type activities, revenues exceeded expenses by \$2,886,805 (before net transfers out of \$764,652), compared to the prior year when revenues exceeded expenses before net transfers out by \$1,637,685.

The City has capital assets of \$23,260,866 (net of accumulated depreciation) at June 30, 2018 as compared to \$23,409,354 at June 30, 2017. Debt related to the capital assets totaled \$8,675,053 at June 30, 2018, as compared to \$9,295,176 at June 30, 2017.

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 are comprised of three components: 1) government-wide financial statements, 2) financial statements of individual funds, and 3) notes to the financial statements.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position.

City of Winnfield, Louisiana

Management's Discussion and Analysis (MD&A) June 30, 2018

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned, but unused, compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, sanitation, recreation and economic development. The business-type activities of the City include utilities administration, electric, water and sewer and interest on long-term debt. The government-wide financial statements can be found on pages 11 and 12 of this 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. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

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, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds 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, readers may better understand the long-term impact of government's near-term financing decisions. Both the governmental funds balance sheet and the governmental statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general and sales tax funds. The basic governmental funds financial statements can be found on pages 14 through 22.

Proprietary Funds - The City maintains only one proprietary fund which is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the proprietary fund to account for its electric, water and sewer operations.

City of Winnfield, Louisiana

**Management's Discussion and Analysis (MD&A)
June 30, 2018**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail and additional information such as cash flows. The proprietary fund financial statements provide information for the electric, water and sewer operations and are considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

Notes to the Financial Statements - The notes 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 on pages 24 through 58.

The City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Winnfield, assets exceeded liabilities by \$16,467,598 as of June 30, 2018.

The largest portion of the City's net position (86%) reflects its investments in capital assets (e.g. land, building, infrastructure, machinery and equipment and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; 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 following table provides a summary of the City's net position:

**City of Winnfield's Net Position
(In Thousands)
As of June 30**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 2,648	\$ 2,731	\$ 3,376	\$ 2,102	\$ 6,024	\$ 4,833
Capital Assets	<u>5,547</u>	<u>5,182</u>	<u>19,729</u>	<u>19,735</u>	<u>25,276</u>	<u>24,917</u>
Total Assets	<u>\$ 8,195</u>	<u>\$ 7,913</u>	<u>\$23,105</u>	<u>\$21,837</u>	<u>\$31,300</u>	<u>\$29,750</u>
Deferred Outflows of Resources	\$ <u>937</u>	\$ <u>1,212</u>	\$ <u>324</u>	\$ <u>389</u>	\$ <u>1,261</u>	\$ <u>1,601</u>
Long-term Liabilities	\$ 3,830	\$ 4,589	\$ 9,864	\$10,863	\$13,694	\$15,452
Other Liabilities	<u>454</u>	<u>186</u>	<u>1,493</u>	<u>1,684</u>	<u>1,947</u>	<u>1,870</u>
Total Liabilities	<u>\$ 4,284</u>	<u>\$ 4,775</u>	<u>\$11,357</u>	<u>\$12,547</u>	<u>\$15,641</u>	<u>\$17,322</u>
Deferred Inflows of Resources	\$ <u>353</u>	\$ <u>404</u>	\$ <u>99</u>	\$ <u>101</u>	\$ <u>452</u>	\$ <u>505</u>
Net Position:						
Net Investment in Capital Assets	\$ 5,440	\$ 5,092	\$ 9,145	\$ 9,022	\$14,585	\$14,114
Restricted	0	0	1,230	556	1,230	556
Unrestricted	<u>(945)</u>	<u>(1,146)</u>	<u>1,598</u>	<u>0</u>	<u>653</u>	<u>(1,146)</u>
Total Net Position	<u>\$ 4,495</u>	<u>\$ 3,946</u>	<u>\$11,973</u>	<u>\$ 9,578</u>	<u>\$16,468</u>	<u>\$13,524</u>

City of Winnfield, Louisiana

**Management's Discussion and Analysis (MD&A)
June 30, 2018**

The following table provides a summary of the City's operations for years ended June 30, 2018 and 2017.

**City of Winnfield's Changes in Net Position
(In Thousands)
For the Year Ended June 30**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenues-						
Fees, Fines & Charges for Services	\$ 179	\$ 227	\$ 9,790	\$ 7,447	\$ 9,969	\$ 7,674
Operating Grants & Contributions	726	946	0	0	726	946
Capital Grants & Contributions	699	0	0	0	699	0
General Revenues-						
Ad Valorem Taxes	214	205	0	0	214	205
Sales & Use Tax	1,326	1,523	0	0	1,326	1,523
Franchise Fees	48	49	0	0	48	49
Hotel/Motel Tax	56	61	0	0	56	61
Licenses & Permits	250	234	0	0	250	234
Interest Income	2	2	15	34	17	36
Gain on Sale of Capital Assets	46	14	27	0	73	14
Non-Employer Contribution	72	73	15	16	87	89
Miscellaneous	544	67	0	0	544	67
Total Revenues	<u>\$ 4,162</u>	<u>\$ 3,401</u>	<u>\$ 9,847</u>	<u>\$ 7,497</u>	<u>\$14,009</u>	<u>\$10,898</u>
Expenses:						
General Government	\$ 1,529	\$ 1,134	\$ 0	\$ 0	\$ 1,529	\$ 1,134
Public Safety	1,885	2,001	0	0	1,885	2,001
Collection & Administration	56	46	0	0	56	46
Streets	402	472	0	0	402	472
Motor Pool	1	0	0	0	1	0
Sanitation	376	478	0	0	376	478
Recreation	383	449	0	0	383	449
Health & Welfare	0	0	0	0	0	0
Interest on Long-term Debt	11	1	309	318	320	319
Electric, Water & Sewer	0	0	6,651	5,542	6,651	5,542
Total Expenses	<u>\$ 4,643</u>	<u>\$ 4,581</u>	<u>\$ 6,960</u>	<u>\$ 5,860</u>	<u>\$11,603</u>	<u>\$10,441</u>
Increases (Decreases) in						
Net Position before Transfers	\$ (481)	\$(1,180)	\$ 2,887	\$ 1,637	\$ 2,406	\$ 457
Transfers	<u>\$ 765</u>	<u>1,913</u>	<u>(765)</u>	<u>(1,913)</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	\$ 284	\$ 733	\$ 2,122	\$ (276)	\$ 2,406	\$ 457
Net Position - July 1, 2017	<u>4,211</u>	<u>3,213</u>	<u>9,850</u>	<u>9,853</u>	<u>14,061</u>	<u>13,066</u>
Net Position - June 30, 2018	<u>\$ 4,495</u>	<u>\$ 3,946</u>	<u>\$11,972</u>	<u>\$ 9,577</u>	<u>\$16,467</u>	<u>\$13,523</u>

City of Winnfield, Louisiana

**Management's Discussion and Analysis (MD&A)
June 30, 2018**

Financial analysis of the City's Funds

Governmental Funds - At the end of the current fiscal year, the City of Winnfield's governmental funds reported combined ending fund balances of \$2,214,040, which is a decrease of \$99,048 from the previous fiscal year.

General Fund Budgetary Highlights - During the year, the City made revisions to the original appropriations approved by the City Council. These changes were made to reflect additional revenues and expenses in the fund.

Capital Assets

The City of Winnfield's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$23,260,866 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, trucks and vehicles, infrastructure, and construction in progress.

Significant capital asset events during the current fiscal year included the following:

- Improvements made to the streets

**Capital Assets at Year-end
Net of Accumulated Depreciation
(In Thousands)
As of June 30**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 381	\$ 381	\$ 54	\$ 54	\$ 435	\$ 435
Construction in Progress	607	58	7,235	7,233	7,842	7,291
Capital Assets Depreciated-						
Infrastructure	386	403	0	0	386	403
Buildings & Improvements	3,598	3,785	251	267	3,849	4,052
Machinery & Equipment	66	104	21	40	87	144
Utility System	0	0	10,144	10,609	10,144	10,609
Office Equipment & Furniture	1	2	0	0	1	2
Trucks & Vehicles	<u>508</u>	<u>449</u>	<u>9</u>	<u>24</u>	<u>517</u>	<u>473</u>
Total	<u>\$5,547</u>	<u>\$5,182</u>	<u>\$17,714</u>	<u>\$18,227</u>	<u>\$23,261</u>	<u>\$23,409</u>

City of Winnfield, Louisiana

Management's Discussion and Analysis (MD&A)

June 30, 2018

Debt

At the end of the current fiscal year, the City of Winnfield had total notes outstanding of \$8,675,053 versus \$9,295,176 at the end of the previous fiscal year. Of this amount, \$8,568,510 of this debt relates to the business-type activities (the proprietary fund) of the City. These loans represent note payables on Sewer Revenue Bonds, Electric Revenue Bonds, and Water Revenue Bonds and equipment leases. The notes are paid from a special water rate assessment and from a dedicated water sales tax. In addition, \$106,543 of this debt relates to Governmental Activities. The significant portion of this debt represents a note payable used to purchase a freightliner truck.

Economic Factors and Next Year's Budgets and Rates

Due to the fact that general fund revenues are not expected to increase significantly in the near future, the general fund is dependent upon transfers from the utility fund. In the current fiscal year transfers made up 49.7% of the General Fund revenues. The 2018-2019 utility fund operations are budgeted to produce surplus cash flows.

Contacting the City's Financial Management

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. The City of Winnfield has chosen to issue financial statements of the primary government which excludes the component units. If you have questions about this report, need component unit financials, or need any additional information, contact the City Clerk at P. O. Box 509, Winnfield, Louisiana, 71483 or call (318) 628-3939.

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and the City Council of
Winnfield, Louisiana

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Winnfield (City), Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Winnfield's basic financial statements as listed in the table of contents.

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 an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

During our fieldwork, we discovered from supporting documentation material revenues were received which could not be identified in the general ledgers of the City. We feel that the revenues and expenditures of the City of Winnfield could be materially misstated. We were unable to obtain sufficient audit evidence to support the amounts reported in the accompanying basic financial statements and the related notes to the financial statements for the City as of and for the year ended June 30, 2018.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City's primary government. The Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and Reporting Fraud and Misappropriations listed as other supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and Reporting Fraud and Misappropriations, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019, on our consideration of the City of Winnfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Winnfield's internal control over financial reporting and compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

November 1, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

City of Winnfield, Louisiana
Government-Wide Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets-			
Cash & Cash Equivalents	\$ 2,185,835	\$ 690,585	\$ 2,876,420
Revenue Receivables, Net-			
Utility Billings	0	2,494,108	2,494,108
Intergovernmental	319,923	73,370	393,293
Other	15,857	12,500	28,357
Inventory at Cost	0	105,185	105,185
Due from Other Funds	<u>126,020</u>	<u>0</u>	<u>126,020</u>
Total Current Assets	<u>\$ 2,647,635</u>	<u>\$ 3,375,748</u>	<u>\$ 6,023,383</u>
Non-Current Assets-			
Customers' Deposits-			
Cash & Cash Equivalents	\$ 0	\$ 537,047	\$ 537,047
Investments	0	242,303	242,303
Bond Covenants-			
Cash & Cash Equivalents	0	1,230,748	1,230,748
Capital Assets - Net of Accumulated Depreciation	5,547,193	17,713,673	23,260,866
Other Assets	<u>0</u>	<u>4,800</u>	<u>4,800</u>
Total Non-Current Assets	<u>\$ 5,547,193</u>	<u>\$ 19,728,571</u>	<u>\$ 25,275,764</u>
Total Assets	<u>\$ 8,194,828</u>	<u>\$ 23,104,319</u>	<u>\$ 31,299,147</u>
Deferred Outflows of Resources:	<u>\$ 937,296</u>	<u>\$ 324,162</u>	<u>\$ 1,261,458</u>
Liabilities:			
Current Liabilities-			
Accounts Payable	\$ 376,093	\$ 763,244	\$ 1,139,337
Accrued Payroll	57,502	18,899	76,401
Accrued Expenses	0	128,184	128,184
Due to Other Funds	0	126,020	126,020
Current Portion - Long-Term Debt	<u>20,163</u>	<u>456,520</u>	<u>476,683</u>
Total Current Liabilities	<u>\$ 453,758</u>	<u>\$ 1,492,867</u>	<u>\$ 1,946,625</u>
Non-Current Liabilities-			
Payable from Restricted Assets-			
Customers' Deposits	\$ 0	\$ 538,114	\$ 538,114
Long-term Debt	86,380	8,111,990	8,198,370
Compensated Absences	188,259	47,787	236,046
Net OPEB Obligation	308,512	119,544	428,056
Net Pension Liability	<u>3,247,120</u>	<u>1,046,862</u>	<u>4,293,982</u>
Total Non-Current Liabilities	<u>\$ 3,830,271</u>	<u>\$ 9,864,297</u>	<u>\$ 13,694,568</u>
Total Liabilities	<u>\$ 4,284,029</u>	<u>\$ 11,357,164</u>	<u>\$ 15,641,193</u>
Deferred Inflows of Resources	<u>\$ 353,056</u>	<u>\$ 98,758</u>	<u>\$ 451,814</u>
Net Position:			
Net Investment in Capital Assets	\$ 5,440,650	\$ 9,145,163	\$ 14,585,813
Restricted for Debt Service	0	1,230,748	1,230,748
Unrestricted	<u>(945,611)</u>	<u>1,596,648</u>	<u>651,037</u>
Total Net Position	<u>\$ 4,495,039</u>	<u>\$ 11,972,559</u>	<u>\$ 16,467,598</u>

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

City of Winnfield, Louisiana
Government-Wide Statement of Activities
For the Year Ended June 30, 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
Governmental Activities:							
General Government	\$ 1,528,818	\$ 7,498	\$ 2,590	\$ 0	\$(1,518,730)	\$ 0	\$(1,518,730)
Public Safety	1,884,609	139,914	13,357	0	(1,731,338)	0	(1,731,338)
Collection & Administration	56,352	0	0	0	(56,352)	0	(56,352)
Streets	402,295	0	45,950	319,923	(36,422)	0	(36,422)
Motor Pool	1,007	0	0	0	(1,007)	0	(1,007)
Sanitation	375,719	14,359	663,883	279,489	582,012	0	582,012
Recreation	382,597	17,095	0	100,000	(265,502)	0	(265,502)
Interest on Long-term Debt	<u>11,313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,313)</u>	<u>0</u>	<u>(11,313)</u>
Total Governmental Activities	\$ <u>4,642,710</u>	\$ <u>178,866</u>	\$ <u>725,780</u>	\$ <u>699,412</u>	\$ <u>(3,038,652)</u>	\$ <u>0</u>	\$ <u>(3,038,652)</u>
Business-Type Activities:							
Utilities Administration	\$ 708,332	\$1,549,963	\$ 0	\$ 0	\$ 0	\$ 841,631	\$ 841,631
Electric	4,543,363	6,252,866	0	0	0	1,709,503	1,709,503
Water	825,808	1,321,472	0	0	0	495,664	495,664
Sewer	574,305	665,669	25,000	0	0	116,364	116,364
Interest on Long-term Debt	<u>308,738</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(308,738)</u>	<u>(308,738)</u>
Total Business-Type Activities	\$ <u>6,960,546</u>	\$ <u>9,789,970</u>	\$ <u>25,000</u>	\$ <u>699,412</u>	\$ <u>0</u>	\$ <u>2,854,424</u>	\$ <u>2,854,424</u>
Total Government	\$ <u>11,603,256</u>	\$ <u>9,968,836</u>	\$ <u>750,780</u>	\$ <u>699,412</u>	\$ <u>(3,038,652)</u>	\$ <u>2,854,424</u>	\$ <u>(184,228)</u>
General Revenues:							
Taxes-							
Ad Valorem					\$ 214,183	\$ 0	\$ 214,183
Sales & Use					1,326,084	0	1,326,084
Franchise					48,332	0	48,332
Hotel & Motel					56,063	0	56,063
Licenses & Permits					249,639	0	249,639
Investments					2,028	(9,655)	(7,627)
Miscellaneous					543,933	0	543,933
Gain on Sale of Capital Assets					45,879	26,634	72,513
Non-Employer Contribution					72,059	15,402	87,461
Transfers					<u>764,652</u>	<u>(764,652)</u>	<u>0</u>
Total General Revenues & Transfers					\$ <u>3,322,852</u>	\$ <u>(732,271)</u>	\$ <u>2,590,581</u>
Change in Net Position					\$ 284,200	\$ 2,122,153	\$ 2,406,353
Net Position at Beginning of Year (Restated, see Note 1)					<u>4,210,839*</u>	<u>9,850,406*</u>	<u>14,061,245</u>
Net Position at End of Year					\$ <u>4,495,039</u>	\$ <u>11,972,559</u>	\$ <u>16,467,598</u>

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

FUND FINANCIAL STATEMENTS

City of Winnfield, Louisiana
Balance Sheet-Governmental Funds
June 30, 2018

	<u>Major Funds</u>		<u>Non Major</u>	<u>Total</u>
	<u>General</u>	<u>Sales Tax</u>	<u>Funds</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Capital Projects</u>	
			<u>Fund</u>	
<u>Assets</u>				
Cash & Cash Equivalents	\$ 596,492	\$1,588,927	\$416	\$2,185,835
Revenue Receivables-				
Intergovernmental-				
Federal	319,923	0	0	319,923
Other	15,857	0	0	15,857
Due from Other Funds	<u>126,020</u>	<u>0</u>	<u>0</u>	<u>126,020</u>
Total Assets	<u>\$1,058,292</u>	<u>\$1,588,927</u>	<u>\$416</u>	<u>\$2,647,635</u>
<u>Liabilities</u>				
Accounts Payable	\$ 376,093	\$ 0	\$ 0	\$ 376,093
Accrued Payroll	<u>57,502</u>	<u>0</u>	<u>0</u>	<u>57,502</u>
Total Liabilities	<u>\$ 433,595</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 433,595</u>
<u>Fund Balances</u>				
Restricted for:				
Special Purposes	\$ 0	\$1,588,927	\$416	\$1,589,343
Unassigned	<u>624,697</u>	<u>0</u>	<u>0</u>	<u>624,697</u>
Total	<u>\$ 624,697</u>	<u>\$1,588,927</u>	<u>\$416</u>	<u>\$2,214,040</u>
 Total Liabilities & Fund Balances	 <u>\$1,058,292</u>	 <u>\$1,588,927</u>	 <u>\$416</u>	 <u>\$2,647,635</u>

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

City of Winnfield, Louisiana
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total Fund Balances of the Governmental Funds	\$ 2,214,040
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	51,162,464
Less, Accumulated Depreciation	(45,615,271)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet-	
	937,296
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	(106,543)
Accrued Compensated Absences	(188,259)
Net OPEB Obligation	(308,512)
Net Pension Liability	(3,247,120)
Deferred Inflows of Resources are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet-	
	<u>(353,056)</u>
Net Position of Governmental Activities	<u>\$ 4,495,039</u>

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

City of Winnfield, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	Major Funds		Non Major	Total
	General Fund	Sales Tax Fund	Capital Projects Fund	
REVENUES:				
Taxes	\$ 318,578	\$ 1,326,084	\$ 0	\$ 1,644,662
Licenses & Permits	249,639	0	0	249,639
Intergovernmental	1,099,752	45,950	279,489	1,425,191
Charges for Services	164,686	0	0	164,686
Fines	14,004	0	0	14,004
Interest	389	1,636	4	2,029
Miscellaneous	<u>228,192</u>	<u>315,503</u>	<u>412</u>	<u>544,107</u>
Total Revenues	<u>\$ 2,075,240</u>	<u>\$ 1,689,173</u>	<u>\$279,905</u>	<u>\$ 4,044,318</u>
EXPENDITURES:				
Current-				
General Government	\$ 1,088,842	\$ 0	\$279,489	\$ 1,368,331
Public Safety-				
Police	1,281,461	0	0	1,281,461
Fire	462,663	0	0	462,663
Animal Shelter	1,480	0	0	1,480
Collection & Administration	0	56,352	0	56,352
Streets, Drainage & Sidewalks	676,767	130,844	0	807,611
Motor Pool	0	54,582	0	54,582
Sanitation & Sanitary Landfill	358,034	0	0	358,034
Recreation	393,181	175,095	0	568,276
Debt Service-Principal	64,930	0	0	64,930
Debt Service-Interest	<u>11,313</u>	<u>0</u>	<u>0</u>	<u>11,313</u>
Total Expenditures	<u>\$ 4,338,671</u>	<u>\$ 416,873</u>	<u>\$279,489</u>	<u>\$ 5,035,033</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$(2,263,431)</u>	<u>\$ 1,272,300</u>	<u>\$ 416</u>	<u>\$ (990,715)</u>

Continued next page.

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

City of Winnfield, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	<u>Major Funds</u>		<u>Non Major</u>	<u>Total</u>
	<u>General</u>	<u>Sales Tax</u>	<u>Capital Projects</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
OTHER FINANCING SOURCES (USES):				
Sale of Assets	\$ 45,879	\$ 0	\$ 0	\$ 45,879
Proceeds of Debt	81,136	0	0	81,136
Operating Transfers In	2,172,956	0	0	2,172,956
Operating Transfers Out	<u>0</u>	<u>(1,408,304)</u>	<u>0</u>	<u>(1,408,304)</u>
Total Other Financing Sources (Uses)	\$ <u>2,299,971</u>	\$ <u>(1,408,304)</u>	\$ <u>0</u>	\$ <u>891,667</u>
Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 36,540	\$ (136,004)	\$ 416	\$ (99,048)
Fund Balance-Beginning of Year	<u>588,157</u>	<u>1,724,931</u>	<u>0</u>	<u>2,313,088</u>
Fund Balance-End of Year	\$ <u>624,697</u>	\$ <u>1,588,927</u>	\$ <u>416</u>	\$ <u>2,214,040</u>

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

City of Winnfield, Louisiana
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
Year Ended June 30, 2018

Net Change in Fund Balance - Governmental Funds \$ (99,048)

Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures.
However, in the Statement of Activities, the cost of these assets
is allocated over their estimated useful lives as depreciation expense.
The cost of capital assets recorded in the current period is 780,422

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. Total payments on Long-term Debt were 64,930

Proceeds of Long-term Debt are shown as revenues in the Governmental
Funds, but the debt increases Long-term Liabilities in the Statement of
Net Position (81,136)

Some revenues/expenditures reported in the Statement of Activities do not
require the use of current financial resources and, therefore, are not
reported as revenues/expenditures in governmental funds as follows:

Depreciation Expense	(415,392)
Accrued Compensated Absences	(5,315)
Changes in Pension Expense	(47,270)
Net Other Post Employment Benefits Obligation	14,950
Nonemployer Contributions	<u>72,059</u>

Increase in Net Position of Governmental Activities \$ 284,200

City of Winnfield, Louisiana
Statement of Net Position
Proprietary Fund
Year Ended June 30, 2018

Assets-	
Current Assets-	
Cash & Cash Equivalents	\$ 690,585
Receivables:	
Utility Billings, Net of Allowance of \$144,874	2,494,108
Intergovernmental Receivable	73,370
Prepaid Expenses	12,500
Inventory, at Cost	<u>105,185</u>
Total Current Assets	<u>\$ 3,375,748</u>
Noncurrent Assets-	
Restricted Assets-	
Customer Deposits-	
Cash & Cash Equivalents	\$ 537,047
Investments	242,303
Bond Covenants-	
Cash & Cash Equivalents	1,230,748
Capital Assets, Net of Accumulated Depreciation	17,713,673
Other Assets	<u>4,800</u>
Total Noncurrent Assets	<u>\$19,728,571</u>
Total Assets	<u>\$23,104,319</u>
Deferred Outflows	<u>\$ 324,162</u>
Liabilities-	
Current Liabilities-	
Accounts Payable	\$ 763,244
Accrued Payroll	18,899
Accrued Expenses	128,184
Due to Other Funds	126,020
Current Portion of Notes Payable	<u>456,520</u>
Total Current Liabilities	<u>\$ 1,492,867</u>
Noncurrent Liabilities-	
Payable from Restricted Assets-	
Customers' Deposits	\$ 538,114
Long-Term Debt	8,111,990
Compensated Absences	47,787
Net Pension Liability	1,046,862
Net OPEB Obligation	<u>119,544</u>
Total Noncurrent Liabilities	<u>\$ 9,864,297</u>
Total Liabilities	<u>\$11,357,164</u>
Deferred Inflows	<u>\$ 98,758</u>
Net Position-	
Net Investment in Capital Assets	\$ 9,145,163
Restricted for Debt Service	1,230,748
Unrestricted	<u>1,596,648</u>
Total Net Position	<u>\$11,972,559</u>

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

City of Winnfield, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2018

Operating Revenues:	
Charges for Services-	
Electric Department	\$ 6,069,018
Water Department	1,263,965
Sewer Department	665,669
Penalties	241,355
Miscellaneous	<u>1,549,963</u>
Total Operating Revenues	\$ <u>9,789,970</u>
Operating Expenses:	
Electric Department	\$ 4,543,363
Water Department	825,808
Sewer Department	574,305
General & Administration	<u>708,332</u>
Total Operating Expenses	\$ <u>6,651,808</u>
Operating Income	\$ <u>3,138,162</u>
Non-Operating Revenues (Expenses):	
Loss on Investments	\$ (9,655)
Grant Income	25,000
Non-Employer Contribution	15,402
Gain on Sale of Assets	26,634
Interest Expense	<u>(308,738)</u>
Total Non-Operating Revenues (Expenses)	\$ <u>(251,357)</u>
Income Before Contributions and Transfers	\$ <u>2,886,805</u>
Contributions and Transfers-	
Transfer In	\$ 1,408,304
Transfers Out	<u>(2,172,956)</u>
Total Transfers	\$ <u>(764,652)</u>
Change in Net Position	\$ 2,122,153
Net Position at Beginning of Year	<u>9,850,406*</u>
Net Position at End of Year	\$ <u>11,972,559</u>

*Restated, see Note 1

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

City of Winnfield, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 8,590,408
Cash Payments to Suppliers for Goods and Services	(5,903,413)
Cash Payments to Employees	<u>(439,376)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,247,619</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers from Other Funds	\$ 1,408,304
Transfers to Other Funds	<u>(2,172,956)</u>
Net Cash Provided (Used) for Non-capital Financing Activities	<u>\$ (764,652)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Sale of Assets	\$ 26,634
Proceeds from Debt	33,336
Proceeds from Operating Grant	25,000
Principal Paid on Capital Debt	(669,665)
Interest Paid on Capital Debt	(299,361)
Acquisition and Construction of Capital Assets	<u>(8,784)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>\$ (892,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	<u>\$ (5,696)</u>
Net Increase in Cash & Cash Equivalents	\$ 584,431
Cash & Cash Equivalents-Beginning of Year	<u>1,873,949</u>
Cash & Cash Equivalents-End of Year	<u>\$ 2,458,380</u>

Continued next page.

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

City of Winnfield, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income	\$ 3,138,162
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ADJUSTMENTS OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Depreciation Expense	522,302
Changes in Assets and Liabilities-	
Increase in Receivables	(1,198,557)
Increase in Prepaid Insurance	(12,500)
Decrease in Inventory	11,252
Decrease in Accounts Payable	(161,003)
Decrease in Accrued Expenses	(52,617)
Increase in Net OPEB	7,700
Decrease in Net Pension Liability	(5,428)
Decrease in Compensated Absences	(13,187)
Increase in Customers' Deposits	<u>11,495</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,247,619</u>

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:

Current Assets-	
Cash and Cash Equivalents	\$ 690,585
Restricted Assets-	
Cash and Cash Equivalents	<u>1,767,795</u>
Total Cash and Cash Equivalents	<u>\$ 2,458,380</u>

NOTES TO FINANCIAL STATEMENTS

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

Introduction

The City of Winnfield (the City) was incorporated under the Lawrason Act in June of 1902. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: police and fire protection, streets and drainage, parks and recreation, certain social services, and general administration services. The City owns and operates one proprietary activity, a utility system which distributes electricity and provides water and sewer services.

1. Summary of Significant Accounting Policies

The financial statements of the City of Winnfield 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 Winnfield 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 Winnfield.
2. Organizations for which the City of Winnfield 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 Winnfield has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Criteria Used</u>
Winnfield City Court	2 and 3
Winnfield City Marshal	2 and 3

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

The City of Winnfield has chosen to issue financial statements of the primary government (City) which exclude the above listed component units. Individual financial statements for the above agencies may be obtained by writing P. O. Box 509, Winnfield, Louisiana 71483.

Various other entities operate within the City of Winnfield, and many of these include “Winnfield” within their name. These entities are not considered as reportable component units within the City’s financial statements since the City does not exercise control over them.

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

Fund financial statements of the City of Winnfield 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 three categories: governmental, proprietary, and fiduciary. 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.

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

The funds of the City are described below:

Governmental Funds-

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

Special Revenue Fund – Sales Tax Fund

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Fund-

Enterprise Fund

The enterprise fund is 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.

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.

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

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.

The City reports General and Sales Tax Funds as major governmental funds:

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 City Clerk prepares a proposed budget, based on departmental group budget requests, and submits the same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public 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 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 General Fund and Special Revenue Fund on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Council.

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

E. Cash and Cash Investments

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 with an original maturity of three months or less.

F. Investments

Investments in the proprietary fund represent securities that are stated at par value, which approximates market value and are backed by the full faith and credit of the United States Government.

G. 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 at June 30, 2018 was \$144,874 and \$16,049 at June 30, 2017.

H. 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 \$500 or more for capitalizing capital assets and \$25,000 for governmental funds infrastructure 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	50 years
Water & Utility	50 years
Buildings & building improvements	40-50 years
Streets & sidewalks	25 years
Bridges	25 years
Furniture & fixtures	5-7 years
Vehicles	5-15 years
Equipment	5-10 years

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

I. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. Vacation earned is based on the number of years of service as follows:

<u>Full Time Employment</u>	<u>Working Hours Earned Per Year</u>
After one year	40
After two years	80
After ten years	120
After fifteen years	160
After twenty years	200

Sick leave is accrued on the basis of one day of leave for each month of continuous employment. Unused sick leave is cumulative. All sick leave is forfeited upon termination of employment with the City unless an employee retires with at least twenty (20) years of continuous service. In this case, the employee will be considered on leave of absence with pay for all of their accumulated and unused sick leave prior to their retirement date.

Compensatory time is granted by the department head and may be accumulated to a maximum of four hundred and eighty (480) hours. The liability for these compensated absences is recorded as long-term debt in the government-wide statements.

J. Interfund Transactions

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$2,172,956	\$ 0
Special Revenue Funds-		
Sales Tax	0	1,408,304
Enterprise Fund-		
Utility	<u>1,408,304</u>	<u>2,172,956</u>
Totals	<u>\$3,581,260</u>	<u>\$3,581,260</u>

Transfers are primarily used to move funds:

- From the Proprietary Fund to the General Fund so that excess revenues can be used for governmental services.
- From the Sales Tax Fund to the Utility Fund to cover water and sewer expenditures.

City of Winnfield, Louisiana
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June 30, 2018

K. Inventories

Inventories of supplies in the proprietary fund are valued at cost (moving average).

L. 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.

M. Restricted Assets

Certain resources of the Utility 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.

N. 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.

O. 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.

P. Restatement of Net Position

For the year ended June 30, 2017, long-term debt was overstated for all activities. As a result, the net position was restated as follows:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
June 30, 2017, as previously reported	\$3,945,534	\$9,577,733	\$13,523,267
Prior period adjustment	<u>265,305</u>	<u>272,673</u>	<u>537,978</u>
June 30, 2017, as restated	<u>\$4,210,839</u>	<u>\$9,850,406</u>	<u>\$14,061,245</u>

City of Winnfield, Louisiana
Notes to Financial Statements
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Q. 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;
- 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 \$624,697. 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.

R. 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.
- 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".

City of Winnfield, Louisiana
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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.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 Winn 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.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
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 June 30, 2018, taxes of 7.39 mills were levied on property with an assessed valuation totaling \$21,619,869, and were dedicated as follows:

General Corporate Purposes	7.39 mills
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Total taxes collected were \$214,183 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.

City of Winnfield, Louisiana
Notes to Financial Statements
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The five largest taxpayers and their assessed valuation are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
Wal-Mart & Wal-Mart Louisiana LLC	\$1,287,780
Autumn Leaves Properties, LLC	917,851
Atmos Energy Corporation	855,603
Bank of Winnfield & Trust Co.	737,850
Winnfield Property Company	<u>566,430</u>
Total	<u>\$4,365,514</u>

3. Restricted Assets-Proprietary Fund Type

Restricted assets of the Utility Fund were applicable to the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Customer's Deposit Account	\$ 779,350	\$ 671,396
Bond Covenants	<u>1,230,748</u>	<u>831,769</u>
Total	<u>\$2,010,098</u>	<u>\$1,503,165</u>

4. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Capital Assets not Depreciated-				
Land	\$ 381,134	\$ 0	\$ 0	\$ 381,134
Construction in Progress	57,850	549,105	0	606,955
Capital Assets Depreciated-				
Infrastructure	40,324,893	0	0	40,324,893
Buildings & Improvements	7,346,466	63,866	0	7,410,332
Machinery & Equipment	825,663	0	0	825,663
Office Equipment & Furniture	5,542	0	0	5,542
Trucks & Vehicles	<u>1,501,044</u>	<u>167,451</u>	<u>60,550</u>	<u>1,607,945</u>
Total Capital Assets	<u>\$50,442,592</u>	<u>\$780,422</u>	<u>\$60,550</u>	<u>\$51,162,464</u>
Less, Accumulated Depreciation-				
Infrastructure	\$39,921,730	\$ 17,340	\$ 0	\$39,939,070
Buildings & Improvements	3,561,795	250,793	0	3,812,588
Machinery & Equipment	721,451	37,794	0	759,245
Office Equipment & Furniture	3,543	520	0	4,063
Trucks & Vehicles	<u>1,051,910</u>	<u>108,945</u>	<u>60,550</u>	<u>1,100,305</u>
Total Accumulated Depn.	<u>\$45,260,429</u>	<u>\$415,392</u>	<u>\$60,550</u>	<u>\$45,615,271</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,182,163</u>	<u>\$365,030</u>	<u>\$ 0</u>	<u>\$ 5,547,193</u>

City of Winnfield, Louisiana
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Depreciation expense of \$415,392 for the year ended June 30, 2018, was charged to the following governmental functions:

General Fund-	
General Government	\$101,659
Public Safety	184,580
Streets	36,928
Sanitation	17,058
Recreation	<u>75,167</u>
 Total General Fund	 <u>\$415,392</u>

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets not Depreciated-				
Land	\$ 54,480	\$ 0	\$0	\$ 54,480
Construction in Progress	7,233,201	1,784	0	7,234,985
Capital Assets Depreciated-				
Buildings & Improvements	393,394	0	0	393,394
Electrical System	3,964,992	0	0	3,964,992
Water System	12,316,823	0	0	12,316,823
Sewer System	8,518,869	0	0	8,518,869
Machinery & Equipment	808,156	0	0	808,156
Trucks & Vehicles	<u>581,994</u>	<u>7,000</u>	<u>0</u>	<u>588,994</u>
Total Capital Assets	<u>\$33,871,909</u>	<u>\$ 8,784</u>	<u>\$0</u>	<u>\$33,880,693</u>
Less, Accumulated Depreciation-				
Buildings & Improvements	\$ 126,065	\$ 16,744	\$0	\$ 142,809
Electrical System	3,771,334	11,633	0	3,782,967
Water System	5,377,121	261,525	0	5,638,646
Sewer System	5,044,736	190,195	0	5,234,931
Machinery & Equipment	767,807	19,738	0	787,545
Trucks & Vehicles	<u>557,655</u>	<u>22,467</u>	<u>0</u>	<u>580,122</u>
Total Accumulated Depn.	<u>\$15,644,718</u>	<u>\$ 522,302</u>	<u>\$0</u>	<u>\$16,167,020</u>
Business-Type Activities Capital Assets, Net	<u>\$18,227,191</u>	<u>\$(513,518)</u>	<u>\$0</u>	<u>\$17,713,673</u>

Depreciation expense of \$522,302 for the year ended June 30, 2018, was charged to the following business-type functions:

Electric System	\$ 21,073
Water System	290,801
Sewer System	<u>210,428</u>
 Total Utility Fund	 <u>\$522,302</u>

City of Winnfield, Louisiana
Notes to Financial Statements
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5. Long-Term Debt

Governmental Activities-

1. In July 2014, the City of Winnfield borrowed \$112,000 from Government Capital Corporation for a 1997 fire truck. The terms of this loan are repayment to be made over 5 years at \$25,025 per annum at 3.811% interest. To be paid from the General Fund.
2. In October 2014, the City of Winnfield borrowed \$39,766 from Government Capital Corporation for a 2017 Ford Utility K-9 unit. The terms of this loan are repayment to be made over 4 years at \$10,926.95 per annum at 3.891% interest. To be paid from the General Fund.
3. In July 2017, the City of Winnfield borrowed \$81,136 from Ryder Transportation for a Freightliner truck. The terms of this loan are repayment to be made over 7 years at \$1,272 per month at 8.319% interest. To be paid from the General Fund.

The annual debt service requirements to maturity at June 30, 2018, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 20,163	\$ 6,030	\$ 26,193
2020	34,586	5,706	40,292
2021	11,385	3,881	15,266
2022	12,370	2,897	15,267
2023	13,439	1,828	15,267
2024	<u>14,600</u>	<u>666</u>	<u>15,266</u>
Total	<u>\$106,543</u>	<u>\$21,008</u>	<u>\$127,551</u>

Business Activities-

1. In April 2007, the City of Winnfield issued \$1,250,000 of Sewer Revenue Bonds, Series 2007. The terms of the loan are annual principal payments and semi-annual interest payments for 240 months at 2.45% interest to be paid by the Utility Fund.
2. Series 2012 Bonds, also referred to as the Safe Drinking Water Revolving Loan Fund, in the amount of \$2,500,000 were authorized during the year ended June 30, 2012 to fund the rehabilitation of Water Wells #8 and #11 and the construction of Water Well #13. However, principal forgiveness of \$750,000 was provided. As of June 30, 2017, total bond proceeds were \$1,750,000. The terms of the loan are annual principal payments and semi-annual interest payments for 240 months at 2.95% interest to be paid by the Utility Fund.
3. Series 2012 Bonds, also referred to as the Clean Water Revolving Loan Fund, in the amount of \$1,500,000 were authorized during the year ended June 30, 2013 to fund the costs of constructing and acquiring improvements, extensions and replacements to the sewerage system. As of June 30, 2017, total bond proceeds were \$1,242,946. The terms of the loan are annual principal payments and semi-annual interest payments for 240 months at .45% interest to be paid by the Utility Fund.

City of Winnfield, Louisiana
Notes to Financial Statements
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4. In June 2014, the City of Winnfield issued \$4,000,000 of Electric Utility Revenue Bonds, Series 2014. The terms of the loan are annual principal payments and semi-annual interest payments for 240 months at variable interest to be paid by the Utility Fund.
5. In January 2015, the City of Winnfield issued \$2,000,000 of Electric Utility Revenue Bonds, Series 2105. The terms of the loan are annual principal payments and semi-annual interest payments for 240 months at variable interest to be paid by the Utility Fund.
6. In September 2015, the City of Winnfield entered into a lease purchase for a parcel of land with all buildings and improvements thereon with Jim Bob Key. The lease term will begin on October 1, 2015 and will terminate on September 30, 2030, at which time the option to purchase will be exercised. The City shall pay total lease payments of \$250,000 plus interest at the rate of 4.5% yearly on the unpaid lease payment in monthly payments of \$1,912 commencing on October 1, 2015 and on the first day of each month thereafter until paid in full. To be paid from the Utility Fund.
7. In April 2016, the City of Winnfield borrowed \$50,583 from Government Capital Corporation for a generator. The terms of this loan are \$15,000 payment due at signing and repayments to be made over 3 years beginning November 25, 2016 at \$12,596 per annual at 4.022% interest. To be paid from the Utility Fund.

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 456,520	\$ 280,994	\$ 737,514
2020	467,135	271,648	738,783
2021	483,785	261,011	744,796
2022	499,464	249,326	748,790
2023	521,174	236,497	757,671
2024-2028	2,890,128	932,680	3,822,808
2029-2033	2,795,304	432,189	3,227,493
2034-2038	<u>455,000</u>	<u>11,944</u>	<u>466,944</u>
Total	<u>\$8,568,510</u>	<u>\$2,676,289</u>	<u>\$11,244,799</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>
Governmental Activities:				
Long-Term Debt	\$ 90,337	\$81,136	\$ 64,930	\$ 106,543
Net OPEB	852,767	0	544,255	308,512
Net Pension Liability	3,496,162	0	249,042	3,247,120
Compensated Absences	<u>182,943</u>	<u>5,316</u>	<u>0</u>	<u>188,259</u>
Total	<u>\$ 4,622,209</u>	<u>\$86,452</u>	<u>\$858,227</u>	<u>\$3,850,434</u>

City of Winnfield, Louisiana
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	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>
Business-Type Activities:				
Series 2012 Bonds - DWRLF	\$ 1,502,000	\$ 0	\$ 72,000	\$1,430,000
Series 2012 Bonds – CWRLF	1,000,946	33,336	71,000	963,282
Sewer Revenue Bonds	774,404	0	61,000	713,404
Electric Revenue Bonds	5,675,000	0	440,000	5,235,000
Lease Purchases	252,489	0	25,665	226,824
Net OPEB	399,918	0	280,374	119,544
Net Pension Liability	1,114,239	0	67,377	1,046,862
Compensated Absences	<u>60,974</u>	<u>0</u>	<u>13,187</u>	<u>47,787</u>
Total	<u>\$10,779,970</u>	<u>\$33,336</u>	<u>\$1,030,603</u>	<u>\$9,782,703</u>

6. Dedication of Proceeds and Flow of Funds-Sales and Use Tax

Under the provisions of an ordinance adopted December 8, 2012, the proceeds of the 1½% sales and use tax will be used to provide funds for the sewer treatment, for solid waste landfill, capital improvements including streets, drainage and sanitation; and for the additional purpose of providing for any other lawful purposes of the City. The levy is effective for December 1, 2013 until November 30, 2023.

7. Employee Retirement Systems

Substantially all employees of the City are members of the Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), Firefighters' Retirement System of Louisiana (FRS), or the Louisiana State Employees' Retirement System (LASERS). 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.

City of Winnfield, Louisiana
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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. 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.

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

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

1. Any age with twenty-five or more years of creditable service.
2. Age 60 with a minimum of ten years of creditable service.
3. Any age with five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five 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. See Plan Booklet for further details.

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. See Plan Booklet for further details.

City of Winnfield, Louisiana
Notes to Financial Statements
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Survivor's Benefits

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

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

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

Deferred Retirement Option Plan (DROP)

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in DROP for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the 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 the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into 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

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 22.75% 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. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. The non-employer contribution was \$39,646.

The City's contractually required composite contribution rate for the year ended June 30, 2018 was 24.75% 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 \$245,959 for the year ended June 30, 2018.

Municipal Police Employees' Retirement System (MPERS)

Plan Description

MPERS was established by and the 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.

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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, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS 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 or www.lla.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 MPERS 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 MPERS 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 MPERS 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 MPERS 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 MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% and 2.5%, 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.

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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% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

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 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 MPERS 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 MPERS 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 MPERS' 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 MPERS' 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 MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefits, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on 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 June 30, 2017, total contributions due for employers and employees were 41.75%. 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 31.75% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 33.75% 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 34.25% 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 \$21,959 are recognized as revenue, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended June 30, 2018 was 30.75% 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 \$95,260 for the year ended June 30, 2018.

Firefighters' Retirement System of Louisiana (FRS)

FRS was established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through FRS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes 11:2251 – 11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Membership in FRS is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of FRS.

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

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

FRS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lafirefightersret.com or www.lla.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

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

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Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan (DROP)

After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in DROP for up to 36 months.

Upon commencement of participation in DROP, employer and employee contributions to FRS cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to FRS. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan

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

Cost-of-Living Increases

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

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Contributions

Employer contributions are actuarially determined each year. For the measurement date of June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively.

According to state statute, FRS receives insurance premium tax funds from the State of Louisiana as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$25,856 are recognized as revenue, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended June 30, 2018 was 26.50% 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 \$65,118 for the year ended June 30, 2018.

Louisiana State Employees' Retirement System (LASERS)

Plan Description

LASERS was established for the purpose of providing retirement allowances and other benefits as stated under Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401), as amended, for eligible state officers, employees and their beneficiaries. This statute grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.laseronline.org.

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

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006 may either retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 1, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

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

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

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

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

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Deferred Retirement Benefits

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

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

Disability Benefits

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor's Benefits

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

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The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Contributions

The employer contribution rate is established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2017 were as follows:

Plan	Plan Status	Employer Contribution Rate
Appellate Law Clerks	Closed	35.80%
Appellate Law Clerks hired on or after 7/1/06	Open	35.80%
Alcohol Tobacco Control	Closed	30.70%
Bridge Police	Closed	34.20%
Bridge Police hired on or after 7/1/06	Closed	34.20%
Corrections Primary	Closed	31.10%
Corrections Secondary	Closed	35.30%
Harbor Police	Closed	4.00%
Hazardous Duty	Open	36.10%
Judges hired before 1/1/2011	Closed	38.00%
Judges hired after 12/31/2010	Closed	36.70%
Judges hired on or after 7/1/15	Open	36.70%

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<u>Plan</u>	<u>Plan Status</u>	<u>Employer Contribution Rate</u>
Legislators	Closed	39.10%
Optional Retirement Plan (ORP)		
Hired before 7/1/06	Closed	35.80%
Hired on or after 7/1/06	Closed	35.80%
Peace Officers	Closed	34.30%
Regular Employees		
Hired before 7/1/06	Closed	35.80%
Hired on or after 7/1/06	Closed	35.80%
Hired on or after 1/1/2011	Closed	35.80%
Hired on or after 7/1/15	Open	35.80%
Special Legislative Employees	Closed	41.10%
Wildlife Agents	Closed	44.80%
Aggregate Rate		35.80%

The City's contractually required composite contribution rate for the year ended June 30, 2018 was 40.1% 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 \$962 for the year ended June 30, 2018.

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

At June 30, 2018, the City reported a total of \$4,293,982 for its proportionate share of the Net Pension Liabilities of the Plans.

Plan	Measurement Date	
	June 30, 2018	June 30, 2017
MERS	\$2,694,626	\$2,868,118
MPERS	1,004,252	1,009,771
FRS	585,531	721,912
LASERS	9,573	10,600
Total	\$4,293,982	\$4,610,401

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The Net Pension Liabilities were measured as of June 30, 2017, and the total pension liability used to calculate the Net Pension Liabilities were determined by an actuarial valuation as of those dates. The City's proportion of the Net Pension Liabilities was based on the employer's contribution effort to the plan for the current fiscal year as compared to the total of all employers' contribution effort to the plan for the current fiscal year. At the measurement dates, the City's proportions of each were as follows:

Plan	Proportionate Share	
	June 30, 2018	June 30, 2017
MERS	.64412%	.69976%
MPERS	.11503%	.10773%
FRS	.10215%	.11037%
LASERS	.00014%	.00014%
Total	.86144%	.91800%

For the year ended June 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	\$293,611	\$354,739
MPERS	103,326	74,034
FRS	102,167	121,536
LASERS	1,100	938
Total	\$500,204	\$551,247

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	MERS		MPERS		FRS		LASERS		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	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	82,066	6,576	7,719	-	32,653	-	176	6,576	122,614
Changes in Assumptions	45,057	-	71,458	-	24,485	140	38	-	141,038	140
Net Difference between projected and actual earnings on pension plan	543,378	-	43,962	-	50,373	-	311	-	638,024	-
Changes in employer's proportion of beg NPL	-	170,363	41,716	119,670	26,763	36,428	-	-	68,479	326,461
Differences between employer and proportionate share of contributions	-	1,775	-	121	-	680	161	23	161	2,599
Subsequent Measurement Contributions	245,959	-	95,141	-	65,118	-	962	-	407,180	-
Total	834,394	254,204	258,853	127,510	166,739	69,901	1,472	199	1,261,458	451,814

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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 \$407,180, will be recognized as a reduction of the Net Pension Liabilities in the year June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 33,042
2020	221,953
2021	176,770
2022	(20,756)
2023	(3,826)
2024	(4,719)
Total	\$402,464

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liabilities for the valuation date of June 30, 2017 are as follows:

<u>Assumptions</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost	Entry age normal cost
Expected remaining service lives	3 years	4 years	7 years	3 years
Investment rate of return	7.400%	7.325%	7.400%	7.700%
Inflation rate	2.775%	2.700%	2.775%	2.750%
Salary increases	5.000%	Varies from 9.75% to 4.25% depending on years of service	Varies from 15% to 4.75% depending on years of service	Varies from 14.3% to 3.8% depending on type of member

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

Mortality rates for MPERS 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 Table set back 4 years for males and 3 years for females for active members. The mortality rate assumptions used was set 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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Mortality rates for FRS were based on RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA for employees, annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement. The mortality rate assumption was based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2009 through June 30, 2014.

Mortality rates for LASERS were based on RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for non-disabled members. RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement for disabled members. Termination, disability, and retirement 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, 2013.

The long-term expected rate of return on MERS, MPERS, FRS, and LASERS pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation 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, 2017 are summarized in the following table:

<u>Asset Class</u>	MERS		MPERS		FRS		LASERS
	<u>Target Asset Alloc.</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Target Asset Alloc.</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Target Asset Alloc.</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.30%	53%	3.66%	57%	20.45%	9.42%
Public Fixed Income	35%	1.60%	21%	0.52%	23%	2.04%	2.66%
Alternatives	15%	0.70%	20%	1.10%	10%	13.35%	7.41%
Other	0%	0.00%	6%	0.16%	10%	9.19%	2.84%
Totals	<u>100%</u>	4.60%	<u>100%</u>	5.44%	<u>100%</u>		
Inflation		2.60%		2.75%			
Expected Nominal Return		<u>7.20%</u>		<u>8.19%</u>			

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

The discount rate used to measure the total pension liability was 7.4% for MERS, 7.325% for MPERS, 7.4% for FRS, and 7.7% for LASERS. 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 contribution 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, MPERS, FRS, and LASERS 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	\$3,433,849	\$2,694,626	\$2,064,089
MPERS	\$1,387,471	\$1,004,252	\$ 682,759
FRS	\$ 841,386	\$ 585,531	\$ 370,449
LAMPERS	\$ 12,018	\$ 9,573	\$ 7,494

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

A. Cash and Cash Equivalents:

The cash and cash equivalents of the City of Winnfield 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.

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

At June 30, 2018, the City had \$4,858,961 in deposits (collected bank balances). These deposits were secured from risk by \$500,000 of federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank in the amount of \$4,358,961.

B. Investments

The investments of the City of Winnfield are subject to the following risk:

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value 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.

The City maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the City may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. Investments are carried at fair market as of the balance sheet date.

At June 30, 2018 the City had \$241,359 in investments. These investments were fully secured by U.S. Government securities.

9. Compensation of City Councilmen

A detail of compensation paid to individual councilmen for the year ended June 30, 2018 follows:

Jessie Edwards	\$10,800
Cheryl Demery	9,900
Michael Miller	10,800
Sarah Junkin	10,800
Gerald Hamms	<u>10,800</u>
Total	<u>\$53,100</u>

10. Receivables

The following is a summary of receivables at June 30, 2018:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>
Intergovernmental-			
Federal	\$319,923	\$0	\$ 0
State	0	0	73,370
Local	0	0	0
Other Receivables	<u>15,857</u>	<u>0</u>	<u>2,494,108</u>
Total	<u>\$335,780</u>	<u>\$0</u>	<u>\$2,567,478</u>

All receivables for the governmental funds are considered to be collectible, and no allowance for bad debt is used. Allowance for bad debts for the proprietary fund is \$144,874.

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

11. Litigation

The City is a defendant in various lawsuits in which the City is vigorously contesting and no settlement negotiations are currently ongoing. Legal counsel has advised that if a settlement is reached that could limit the City's exposure it will be pursued.

12. Risk Management

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

13. 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 \$136,300 and the related expenditures are as follows:

City Police Department	\$ 90,417
City Fire Department	<u>45,883</u>
Total	<u>\$136,300</u>

14. Contingencies

The City has been advised by the Department of Environmental Quality that various fines are outstanding for issues related to the City's utility system. The City has hired an environmental attorney and an engineer in order to gain compliance. The Department of Environmental Quality has advised the City that if it gains and maintains compliance the fines can be waived.

15. Other Post-Employment Benefits:

Plan Description. The City of Winnfield provides certain healthcare and life insurance benefits for eligible retirees until age 65 through the City's group health insurance plan. The City contributes to a single-employer defined benefit healthcare plan ("the Retiree Healthcare Plan"). No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit.*

Benefits Provided – The City of Winnfield contributes 100% of the cost of current year premiums for eligible retired employees. Employees are entitled to benefits upon attaining the following required years of credited service after a) 20 years of full-time service at any age, for designated elected and appointed officials, b) 25 years of full-time service at any age, hired prior to June 29, 2006, or c) 30 years of full-time service at any age, hired after June 29, 2006. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. Eligibility provisions are established by Sections 2-60 and 2-61 of the Code of Ordinances of the City of Winnfield.

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	53
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>6</u>
Total	<u>59</u>

The Retiree Health Plan does not issue a publicly available financial report.

Total OPEB Liability

The City's total OPEB liability of \$428,056 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary scale	3.5%
Discount rate	3.88% (0.88% real rate of return plus 3.00% inflation)
Healthcare cost trend rates	Level 5.0%

The discount rate was based on the average of the Bond Buyer 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period. The discount rate used in the prior valuation was 3.57%.

Mortality rates were based on the RPH-2014 Total Table projection MP-2017.

The assumptions are based on the 2017 MERS, MPERS, and FRS retirement plan reports, however the plans have not had a formal actuarial experience study performed.

Changes in the Total OPEB Liability

Balance at July 1, 2017	<u>\$450,707</u>
Changes for the year:	
Service cost	9,623
Interest	16,907
Differences between expected and actual experience	0
Benefit payments and net transfers	<u>(49,181)</u>
Net changes	<u>(22,651)</u>
Balance at June 30, 2018	<u><u>\$428,056</u></u>

City of Winnfield, Louisiana
Notes to Financial Statements
June 30, 2018

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Police Jury, as well as what the Police Jury's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.88%) or 1-percentage-point higher (4.88%) than the current discount rate:

	1.0% Decrease (2.88%)	Current Discount Rate (3.88%)	1.0% Increase (4.88%)
Total OPEB liability	\$449,422	\$428,056	\$408,091

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Police Jury, as well as what the Police Jury's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current healthcare trend rates:

	1.0% Decrease (4.0%)	Current Trend (5.0%)	1.0% Increase (6.0%)
Total OPEB liability	\$406,812	\$428,056	\$451,000

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$26,530. There were no payables to the plan at June 30, 2018. At June 30, 2018, the City reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

16. Subsequent Events:

Management has evaluated events through November 1, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

City of Winnfield, Louisiana
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES:				
Taxes	\$ 301,244	\$ 303,000	\$ 318,578	\$ 15,578
Licenses & Permits	246,979	198,000	249,639	51,639
Intergovernmental	1,517,560	1,376,000	1,099,752	(276,248)
Charges for Services	158,448	72,000	164,686	92,686
Fines	34,000	12,000	14,004	2,004
Interest	900	200	389	189
Miscellaneous	<u>24,550</u>	<u>55,800</u>	<u>228,192</u>	<u>172,392</u>
Total Revenues	<u>\$ 2,283,681</u>	<u>\$ 2,017,000</u>	<u>\$ 2,075,240</u>	<u>\$ 58,240</u>
EXPENDITURES:				
Current-				
General Government	\$ 772,674	\$ 746,040	\$ 1,088,842	\$(342,802)
Public Safety-				
Police	1,350,400	1,338,100	1,281,461	56,639
Fire	564,343	491,000	462,663	28,337
Animal Shelter	1,845	2,460	1,480	980
Streets, Drainage & Sidewalks	276,886	269,250	676,767	(407,517)
Sanitation & Sanitary Landfill	433,297	413,430	358,034	55,396
Recreation	388,031	800,560	393,181	407,379
Debt Service	<u>0</u>	<u>0</u>	<u>76,243</u>	<u>(76,243)</u>
Total Expenditures	<u>\$ 3,787,476</u>	<u>\$ 4,060,840</u>	<u>\$ 4,338,671</u>	<u>\$(277,831)</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$(1,503,795)</u>	<u>\$(2,043,840)</u>	<u>\$(2,263,431)</u>	<u>\$(219,591)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 1,800,000	\$ 2,172,956	\$ 372,956
Debt Proceeds	0	0	81,136	81,136
Sales of Capital Assets	<u>53,680</u>	<u>45,000</u>	<u>45,879</u>	<u>879</u>
Total Other Financing Sources (Uses)	<u>\$ 53,680</u>	<u>\$ 1,845,000</u>	<u>\$ 2,299,971</u>	<u>\$ 454,971</u>
Excess (Deficiency) of Revenues and Other Sources over (Under) Expenditures and Other Uses	<u>\$(1,450,115)</u>	<u>\$ (198,840)</u>	<u>\$ 36,540</u>	<u>\$ 235,380</u>
Fund Balance-Beginning of Year	<u>588,157</u>	<u>588,157</u>	<u>588,157</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ (861,958)</u>	<u>\$ 389,317</u>	<u>\$ 624,697</u>	<u>\$ 235,380</u>

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

City of Winnfield, Louisiana
Sales Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$1,500,000	\$ 1,436,000	\$ 1,326,084	\$(109,916)
Intergovernmental	20,000	20,000	45,950	25,950
Miscellaneous	0	0	315,503	315,503
Interest	<u>1,000</u>	<u>1,000</u>	<u>1,636</u>	<u>636</u>
Total Revenues	<u>\$1,521,000</u>	<u>\$ 1,457,000</u>	<u>\$ 1,689,173</u>	<u>\$ 232,173</u>
EXPENDITURES:				
Current-				
Collections & Administration	\$ 78,400	\$ 36,300	\$ 56,352	\$ (20,052)
Streets, Drainage & Sidewalks	365,645	452,510	130,844	321,666
Motor Pool	59,944	8,900	54,582	(45,682)
Recreation	<u>627,186</u>	<u>175,100</u>	<u>175,095</u>	<u>5</u>
Total Expenditures	<u>\$1,131,175</u>	<u>\$ 672,810</u>	<u>\$ 416,873</u>	<u>\$ 255,937</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 389,825</u>	<u>\$ 784,190</u>	<u>\$ 1,272,300</u>	<u>\$ 488,110</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>(627,186)</u>	<u>(1,080,000)</u>	<u>(1,408,304)</u>	<u>(328,304)</u>
Total Other Financing Sources (Uses)	<u>\$ (627,186)</u>	<u>\$(1,080,000)</u>	<u>\$(1,408,304)</u>	<u>\$(328,304)</u>
Excess (Deficiency) of Revenues and Other Sources over (Under) Expenditures and Other Uses	\$ (237,361)	\$ (295,810)	\$ (136,004)	\$ 159,806
Fund Balance-Beginning of Year	<u>1,724,930</u>	<u>1,724,930</u>	<u>1,724,931</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,487,569</u>	<u>\$ 1,429,120</u>	<u>\$ 1,588,927</u>	<u>\$ 159,806</u>

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

City of Winnfield, Louisiana
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 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>
Municipal Employees' Retirement System (MERS)					
2015	0.81802%	\$2,099,403	\$1,299,099	162%	74.0%
2016	0.75412%	\$2,693,842	\$1,256,443	214%	66.2%
2017	0.69976%	\$2,868,118	\$1,165,267	246%	62.1%
2018	0.64412%	\$2,694,626	\$ 999,306	270%	62.5%
Municipal Police Employees' Retirement System (LAMPERS)					
2015	0.14954%	\$ 935,553	\$ 369,535	253%	75.1%
2016	0.12931%	\$1,012,970	\$ 309,727	327%	70.7%
2017	0.10773%	\$1,009,771	\$ 319,192	316%	66.0%
2018	0.11503%	\$1,004,252	\$ 331,073	303%	70.1%
Firefighters' Retirement System (FRS)					
2015	0.10584%	\$ 470,988	\$ 234,594	201%	76.0%
2016	0.10775%	\$ 581,539	\$ 270,736	215%	99.0%
2017	0.11037%	\$ 721,913	\$ 238,513	303%	68.0%
2018	0.10215%	\$ 585,531	\$ 245,386	239%	73.5%
Louisiana State Employees' Retirement System (LASERS)					
2015	0.00013%	\$ 8,316	\$ 2,400	347%	65.0%
2016	0.00013%	\$ 8,842	\$ 2,400	368%	62.7%
2017	0.00014%	\$ 10,601	\$ 2,400	442%	57.7%
2018	0.00014%	\$ 9,573	\$ 2,400	399%	62.5%

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

City of Winnfield, Louisiana
Schedule of Employer Contributions
For the Year Ended June 30, 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>
Municipal Employees' Retirement System (MERS)					
2015	\$256,203	\$256,203	\$0	\$1,299,099	19.6%
2016	\$246,878	\$246,878	\$0	\$1,256,443	19.6%
2017	\$266,122	\$266,122	\$0	\$1,165,267	22.8%
2018	\$245,959	\$245,959	\$0	\$ 999,306	24.6%
Municipal Police Employees' Retirement System (LAMPERS)					
2015	\$108,953	\$108,953	\$0	\$ 369,535	29.5%
2016	\$ 89,027	\$ 89,027	\$0	\$ 309,727	28.7%
2017	\$109,029	\$109,029	\$0	\$ 319,192	34.2%
2018	\$ 95,141	\$ 95,141	\$0	\$ 331,073	28.7%
Firefighters' Retirement System (FRS)					
2015	\$ 66,979	\$ 66,979	\$0	\$ 234,594	28.6%
2016	\$ 67,814	\$ 67,814	\$0	\$ 270,736	25.0%
2017	\$ 60,250	\$ 60,250	\$0	\$ 238,513	25.3%
2018	\$ 65,118	\$ 65,118	\$0	\$ 245,386	26.5%
Louisiana State Employees' Retirement System (LASERS)					
2015	\$ 996	\$ 996	\$0	\$ 2,400	41.5%
2016	\$ 914	\$ 914	\$0	\$ 2,400	38.1%
2017	\$ 912	\$ 912	\$0	\$ 2,400	38.0%
2018	\$ 962	\$ 962	\$0	\$ 2,400	40.1%

City of Winnfield
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

Total OPEB liability	
Service cost	\$ 9,623
Interest	16,907
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit Payments	<u>(49,181)</u>
Net Change in total OPEB liability	\$ (22,651)
Total OPEB liability - beginning	<u>450,707</u>
Total OPEB liability - ending (a)	<u><u>\$ 428,056</u></u>
Covered-employee payroll	<u><u>\$ 1,531,135</u></u>
Net OPEB liability as a percentage of covered-employee payroll	27.96%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2018.

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

City of Winnfield, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018

Agency Head Name: Kiah Beville, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$60,000
Benefits-Insurance	6,439
Benefits-Retirement	11,850
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per Diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	35

See independent auditor's report.

City of Winnfield
Reporting Fraud and Misappropriations
For the Year Ended June 30, 2018

Agency Name: City of Winnfield
Fiscal Year End: June 30, 2018

	<u>Element of Finding</u>	<u>Response</u>
1.	A general statement describing the fraud or misappropriation that occurred.	Cash receipts were misappropriated.
2.	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Landfill Fees
3.	The amount of funds or approximate value of assets involved.	\$3,865.70
4.	The department or office in which the fraud or misappropriation occurred.	Solid Waste
5.	The period of time over which the fraud or misappropriation occurred.	February – August 2018
6.	The title/agency affiliation of the person who committed the act of fraud or misappropriation.	Landfill Operator
7.	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Cheryl McLaughlin; Charges are pending completion of investigation.
8.	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No
9.	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A
10.	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes
11.	What is the status of the investigation as of the date of the auditor's/accountant's report?	Investigation is still open
12.	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against the person?	N/A
13.	What is the status of any related adjudication at the date of the auditor's/accountant's report?	N/A
14.	Has restitution been made or has an insurance claim been filed?	No

City of Winnfield
Reporting Fraud and Misappropriations
For the Year Ended June 30, 2018
(continued)

Agency Name: City of Winnfield
Fiscal Year End: June 30, 2018

	<u>Element of Finding</u>	<u>Response</u>
15.	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)?	Yes
16.	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No
17.	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Segregation of Duties; Unrecorded Cash Receipts; Lack of Reconciliation with Cash Receipt Log
18.	Management's plan to ensure that the fraud or misappropriation does not occur in the future.	Daily cash collections are required to be turned in and reconciled to collection logs at City Hall.

See 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
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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
Winnfield, Louisiana

We were engaged to audit, 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, and each major fund of the City of Winnfield as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Winnfield's basic financial statements and have issued our report thereon dated November 1, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Winnfield's internal control over financial reporting (internal control) 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 Winnfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Winnfield'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider to be material weaknesses listed as items 2018-001, 2018-002 and 2018-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Winnfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 2018-004, 2018-005, and 2018-006.

City of Winnfield's Responses to Findings

City of Winnfield's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. City of Winnfield's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
Natchitoches, Louisiana

November 1, 2019

City of Winnfield, Louisiana
Schedule of Audit Findings
Year Ended June 30, 2018

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. A disclaimer of opinion was issued for the City of Winnfield as of and for the year ended June 30, 2018.
2. The engagement disclosed three material weaknesses in internal control (2018-001, 2018-002 and 2018-003).
3. The engagement disclosed three instances of noncompliance that are required to be reported under *Government Auditing Standards* (2018-004, 2018-005, and 2018-006).

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control-

2018-001 Control over Financial Reporting and Reconciliations

Criteria – Louisiana Revised Statutes require governments to establish an adequate system of internal control to ensure the preparation, maintenance and reconciliations of cash receipts and disbursements journals, general ledgers and financial reports on a monthly basis.

Condition – For the year ended June 30, 2018, books of account including cash receipts and disbursements journals, general ledgers, and financial reports were not prepared and maintained on a monthly basis. General ledger accounts, primarily cash, accounts receivable, inventory and accounts payable were not being reconciled. As a result, the city council members did not receive completed monthly financial reports.

Cause – The City has no internal control system in place to ensure preparation, maintenance and reconciliations of cash receipts and disbursements journals, general ledgers and financial reports.

Effect – Due to the lack of control over these transactions, there is a reasonable possibility that a material misstatement in the books of account and the financial statements will not be prevented, or detected and corrected.

Recommendation – We recommend that the City take immediate steps to ensure that the books of account are prepared and maintained and general ledger accounts are reconciled on a monthly basis. We also recommend that management have a heightened awareness of all transactions being reported. If it is not possible to prepare the financial statements in a timely or accurate manner, the City should consider hiring a third party to prepare these statements.

City of Winnfield, Louisiana
Schedule of Audit Results (continued)
Year Ended June 30, 2018

2018-002 *Control over Cash Collections*

Criteria – Adequate and effective internal control systems require that records of cash collections be maintained and available for review in an organized method.

Condition – The record keeping procedures of the City of Winnfield does not allow employees, management, or auditors to research and reconcile substantive documents to reported amounts on financial statements.

Cause – Inadequate internal control over record retention.

Effect – There is not an adequate audit trail.

Recommendation – We recommend that procedures be implemented to ensure that records of cash collections are maintained and available for review.

2018-003 *Cash Collections at the Landfill*

Criteria – Adequate and effective internal control systems require timely detection of fraud and misappropriation.

Condition – The City discovered a misappropriation of cash receipts for landfill fees by a landfill operator over a six month period of time.

Cause – Inadequate internal control over landfill fees.

Effect – The City could suffer loss of revenue and resources may be misappropriated.

Recommendation – We recommend that procedures be implemented to ensure that cash collections for landfill fees are properly handled and recorded.

Noncompliance-

2018-004 *Late Submission of Report*

Criteria – Louisiana state law requires that the City have an annual audit performed and submitted to the Legislative Auditor within six (6) months after the close of the fiscal year.

Condition – For the year ended June 30, 2018, the City did not submit the annual audit within six months after the close of their fiscal year.

Cause – The City was unable to provide the auditors with the necessary financial information by December 31, 2018.

Effect – The City is not in compliance with state law, and as a result, some state funds are being withheld from the City until the audit report is filed with the Legislative Auditor.

Recommendation – The City should institute procedures to ensure that the books and records are prepared, reconciled and available for the auditors within 45 days after the end of their fiscal year.

City of Winnfield, Louisiana
Schedule of Audit Results (continued)
Year Ended June 30, 2018

2018-005 *Local Government Budget Act*

Criteria – Revised Statutes 39:1301-1315, direct local governments as to the manner in which the annual budget shall be adopted, implemented, and amended. This included the requirements to adopt a budget where a fund deficit does not occur, and to revise the budget when total expenditures and other uses exceed the total budgeted expenditures and other uses by five percent or more.

Condition – For the year ended June 30, 2018, the City did not follow the requirements of the Local Government Budget Act in that both the original and final budget for the General Fund reflected a deficit fund balance. Proper amendments were not made to ensure the five percent variance for revenues were met for the Sales Tax Fund.

Cause – The City was not preparing the financial reports and comparing them to the adopted budgets. As a result, management was not aware of the amendments needed to comply with the Local Government Budget Act.

Effect – The City is not in compliance with the Local Government Budget Act.

Recommendation – The City should comply with all provisions of the Local Government Budget Act. In addition, we recommend that the administration develop and practice a formal process of comparing the budget to actual revenues and other sources and expenditures and other uses on a timely and recurring basis for all budgets and amend as appropriate.

2018-006 *Availability of Minutes of Council Meetings*

Criteria – Under provisions of R.S. 42:7.2, all public bodies shall keep written minutes of all open meetings. The minutes should be available within a reasonable time.

Condition – The City was unable to provide us with copies of all meeting minutes.

Cause – The City changed clerks during the time of the unavailable minutes.

Effect – The City's failure to have meeting minutes available could lead to improper transactions occurring and not being detected in a timely manner.

Recommendation – The City should ensure that all meeting minutes are available for review within a reasonable time.

III. PRIOR YEAR AUDIT FINDINGS

2017-001 *Control over Financial Reporting and Reconciliations*

Condition – For the year ended June 30, 2017, books of account including cash receipts and disbursements journals, general ledgers, and financial reports were not prepared and maintained on a monthly basis. General ledger accounts, primarily cash, accounts receivable, inventory and accounts payable were not being reconciled. As a result, the city council members did not receive completed monthly financial reports.

Status – This finding was not cleared, see 2018-001.

City of Winnfield, Louisiana
Schedule of Audit Results (continued)
Year Ended June 30, 2018

2017-002 *Control over Cash Collections*

Condition – For the year ended June 30, 2017, the record keeping procedures of the City of Winnfield does not allow employees, management, or auditors to research and reconcile substantive documents to reported amounts on financial statements.

Status – This finding was not cleared, see 2018-002.

2017-003 *Late Submission of Report*

Condition – For the year ended June 30, 2017, the City did not submit the annual audit within six months after the close of their fiscal year.

Status – This finding was not cleared, see 2018-004.

2017-004 *Bond Covenants*

Condition – For the year ended June 30, 2017, the City had not complied with these bond covenants as the required accounts were not established or funded.

Status – This finding was cleared as of June 30, 2018.

2017-005 *Local Government Budget Act*

Condition – For the year ended June 30, 2017, the City did not follow the requirements of the Local Government Budget Act in that both the original and final budget for the General Fund reflected a deficit fund balance and proper amendments were not made to ensure the five percent variance for expenditures were met.

Status – This finding was not cleared, see 2018-005.



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This our response to the audit findings in the audit report for year ending June 30, 2018.

Finding 2018-001 and 2017-001 – Control over Financial Reporting and Reconciliations –

As of July 2019, the City has contracted with a CPA firm to provide guidance and support on our accounting system. We have changed to a different software package that is more user friendly. We are working with the CPA firm to put policies and procedures in place to ensure that we are maintaining and reconciling our general ledgers and cash receipts journals monthly on a timely basis. We anticipate having financial statements on a timely basis beginning in December 2019.

Finding 2018-002 and 2017-002 , Finding 2018-003 – Control over Cash Collections, Cash Collections at the Landfill –

We are working with our CPA firm to establish proper and adequate policies and procedures and to place proper internal controls over cash collections to ensure that we can research and reconcile cash collections. We will ensure that there is a proper and adequate policy and controls for proper record retention to enable a proper audit trail.

Finding 2018-004, and 2017-004 – Late submission of audit report –

We are working with our CPA firm to correct posting and documentation deficiencies so that we will have monthly financial statements and proper year-end financial statements with adequate document to ensure a timely submission of our annual audit report.

Finding 2018-005 and 2017-005 – Local Government Budget Act

As stated above we are currently working with our CPA firm to prepare and present current month and year to date budget to actual financial statements on a monthly basis. We anticipate having these financial statements monthly beginning in December 2019. This will enable us to review budgets monthly and stay within legal variances or amend as needed. This will also allow us to monitor fund balances to ensure that we are in compliance with fund balance requirements.

We have completed our software change over and are working to have financial statements presented timely starting in December 2019.

We trust these actions and responses will correct the audit findings that we have been having.

Respectfully,
Katina Smith
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George Moss, Mayor
City Council