

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

**JUNE 30, 2019**

City of Winnfield, Louisiana  
 Annual Financial Report  
 June 30, 2019

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Annual Financial Report  
June 30, 2019

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# City of Winnfield, Louisiana

## Management's Discussion and Analysis (MD&A) June 30, 2019

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, 2019. 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 \$17,359,771 (Net Position). This was an increase of \$892,173 or 5.4% from the prior year.
- During the year, the City had expenses that were \$955,786 less than revenues for governmental programs (before net transfers in of \$596,743). This is a significant change from the prior year when expenses exceeded revenues before net transfers in by \$480,452.
- In the City's business-type activities, expenses exceeded revenues by \$63,613 (before net transfers out of \$596,743), which is a significant change from the prior year when revenues exceeded expenses before net transfers out by \$2,886,805.

The City has capital assets of \$23,327,812 (net of accumulated depreciation) at June 30, 2019 as compared to \$23,260,866 at June 30, 2018. Debt related to the capital assets totaled \$8,566,653 at June 30, 2019, as compared to \$8,675,053 at June 30, 2018.

### 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, 2019**

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 resources 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 18.

**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, 2019**

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 57.

**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 \$17,359,771 as of June 30, 2019.

The largest portion of the City's net position (85%) 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$3,306	\$ 2,648	\$ 4,292	\$ 5,391	\$ 7,598	\$ 8,039
Capital Assets	<u>5,967</u>	<u>5,547</u>	<u>17,361</u>	<u>17,714</u>	<u>23,328</u>	<u>23,261</u>
Total Assets	<u>\$9,273</u>	<u>\$ 8,195</u>	<u>\$21,653</u>	<u>\$23,105</u>	<u>\$30,926</u>	<u>\$31,300</u>
Deferred Outflows of Resources	\$ <u>877</u>	\$ <u>937</u>	\$ <u>283</u>	\$ <u>324</u>	\$ <u>1,160</u>	\$ <u>1,261</u>
Long-term Liabilities	\$3,507	\$ 3,830	\$ 9,518	\$ 9,864	\$13,025	\$13,694
Other Liabilities	<u>195</u>	<u>454</u>	<u>966</u>	<u>1,493</u>	<u>1,161</u>	<u>1,947</u>
Total Liabilities	<u>\$3,702</u>	<u>\$ 4,284</u>	<u>\$10,484</u>	<u>\$11,357</u>	<u>\$14,186</u>	<u>\$15,641</u>
Deferred Inflows of Resources	\$ <u>400</u>	\$ <u>353</u>	\$ <u>140</u>	\$ <u>99</u>	\$ <u>540</u>	\$ <u>452</u>
Net Position:						
Net Investment in Capital Assets	\$5,880	\$ 5,547	\$ 8,881	\$ 8,569	\$14,761	\$14,116
Restricted	0	0	1,327	1,261	1,327	1,261
Unrestricted	<u>168</u>	<u>(1,052)</u>	<u>1,104</u>	<u>2,143</u>	<u>1,272</u>	<u>1,091</u>
Total Net Position	<u>\$6,048</u>	<u>\$ 4,495</u>	<u>\$11,312</u>	<u>\$11,973</u>	<u>\$17,360</u>	<u>\$16,468</u>

**City of Winnfield, Louisiana**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2019**

The following table provides a summary of the City's operations for years ended June 30, 2019 and 2018.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total Primary</u> <u>Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>						
Program Revenues-						
Fees, Fines & Charges for Services	\$ 144	\$ 179	\$ 7,836	\$ 9,790	\$ 7,980	\$ 9,969
Operating Grants & Contributions	606	726	0	0	606	726
Capital Grants & Contributions	0	699	12	0	12	699
General Revenues-						
Ad Valorem Taxes	181	214	0	0	181	214
Sales & Use Tax	1,307	1,326	0	0	1,307	1,326
Franchise Fees	55	48	0	0	55	48
Hotel/Motel Tax	88	56	0	0	88	56
Licenses & Permits	250	250	0	0	250	250
Interest Income	1	2	7	15	8	17
Gain on Sale of Capital Assets	0	46	1	27	1	73
Non-Employer Contribution	70	72	13	15	83	87
Miscellaneous	<u>1,950</u>	<u>544</u>	<u>0</u>	<u>0</u>	<u>1,950</u>	<u>544</u>
Total Revenues	<u>\$4,652</u>	<u>\$4,162</u>	<u>\$ 7,869</u>	<u>\$ 9,847</u>	<u>\$12,521</u>	<u>\$14,009</u>
<b>Expenses:</b>						
General Government	\$ 818	\$1,529	\$ 0	\$ 0	\$ 818	\$ 1,529
Public Safety	1,344	1,885	0	0	1,344	1,885
Collection & Administration	140	56	0	0	140	56
Streets	310	402	0	0	310	402
Motor Pool	107	1	0	0	107	1
Sanitation	406	376	0	0	406	376
Recreation	356	383	0	0	356	383
Health & Welfare	0	0	0	0	0	0
Interest on Long-term Debt	6	11	192	309	198	320
Electric, Water & Sewer	<u>209</u>	<u>0</u>	<u>7,740</u>	<u>6,651</u>	<u>7,949</u>	<u>6,651</u>
Total Expenses	<u>\$3,696</u>	<u>\$4,643</u>	<u>\$ 7,932</u>	<u>\$ 6,960</u>	<u>\$11,628</u>	<u>\$11,603</u>
<b>Increases (Decreases) in</b>						
Net Position before Transfers	\$ 956	\$ (481)	\$ (63)	\$ 2,887	\$ 893	\$ 2,406
Transfers	<u>597</u>	<u>765</u>	<u>(597)</u>	<u>(765)</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	\$1,553	\$ 284	\$ (660)	\$ 2,122	\$ 893	\$ 2,406
Net Position - July 1, 2018	<u>4,495</u>	<u>4,211</u>	<u>11,972</u>	<u>9,850</u>	<u>16,467</u>	<u>14,061</u>
Net Position - June 30, 2019	<u>\$6,048</u>	<u>\$4,495</u>	<u>\$11,312</u>	<u>\$11,972</u>	<u>\$17,360</u>	<u>\$16,467</u>

**City of Winnfield, Louisiana**

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

**June 30, 2019**

**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 \$3,121,601, which is an increase of \$907,560 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, 2019, amounts to \$23,327,812 (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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 381	\$ 381	\$ 54	\$ 54	\$ 435	\$ 435
Construction in Progress	0	607	7,296	7,235	7,296	7,842
Capital Assets Depreciated-						
Infrastructure	1,350	386	0	0	1,350	386
Buildings & Improvements	3,802	3,598	234	251	4,036	3,849
Machinery & Equipment	54	66	10	21	64	87
Utility System	0	0	9,681	10,144	9,681	10,144
Office Equipment & Furniture	1	1	0	0	1	1
Trucks & Vehicles	379	508	86	9	465	517
Total	<u>\$5,967</u>	<u>\$5,547</u>	<u>\$17,361</u>	<u>\$17,714</u>	<u>\$23,328</u>	<u>\$23,261</u>



**City of Winnfield, Louisiana****Management's Discussion and Analysis (MD&A)  
June 30, 2019****Debt**

At the end of the current fiscal year, the City of Winnfield had total notes outstanding of \$8,566,653 versus \$8,675,053 at the end of the previous fiscal year. Of this amount, \$8,480,273 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, \$86,380 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 11.3% of the General Fund revenues. The 2019-2020 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.

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

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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, each major fund, and the aggregate remaining fund information of the City of Winnfield (City), Louisiana, as of and for the year ended June 30, 2019, 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, 2019.

**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 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 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 April 6, 2021, 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

April 6, 2021

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

City of Winnfield, Louisiana  
Government-Wide Statement of Net Position  
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
<b>Current Assets-</b>			
Cash & Cash Equivalents	\$3,069,929	\$ 669,893	\$ 3,739,822
Revenue Receivables, Net-			
Utility Billings	0	1,324,325	1,324,325
Intergovernmental	124,158	0	124,158
Other	82,582	1,544	84,126
Inventory at Cost	0	116,436	116,436
Due from Other Funds	<u>29,470</u>	<u>0</u>	<u>29,470</u>
Total Current Assets	<u>\$3,306,139</u>	<u>\$ 2,112,198</u>	<u>\$ 5,418,337</u>
<b>Non-Current Assets-</b>			
<b>Customers' Deposits-</b>			
Cash & Cash Equivalents	\$ 0	\$ 600,975	\$ 600,975
Investments	0	246,419	246,419
<b>Bond Covenants-</b>			
Cash & Cash Equivalents	0	1,327,538	1,327,538
Capital Assets - Net of Accumulated Depreciation	5,966,516	17,361,296	23,327,812
Other Assets	<u>0</u>	<u>4,800</u>	<u>4,800</u>
Total Non-Current Assets	<u>\$5,966,516</u>	<u>\$19,541,028</u>	<u>\$25,507,544</u>
<b>Total Assets</b>	<u><b>\$9,272,655</b></u>	<u><b>\$21,653,226</b></u>	<u><b>\$30,925,881</b></u>
<b>Deferred Outflows of Resources:</b>			
Pensions	<u>\$ 877,344</u>	<u>\$ 283,100</u>	<u>\$ 1,160,444</u>
<b>Liabilities:</b>			
<b>Current Liabilities-</b>			
Accounts Payable	\$ 120,637	\$ 323,996	\$ 444,633
Accrued Payroll	63,901	22,708	86,609
Accrued Expenses	0	120,789	120,789
Due to Other Funds	0	29,470	29,470
Current Portion - Long-Term Debt	<u>10,480</u>	<u>468,966</u>	<u>479,446</u>
Total Current Liabilities	<u>\$ 195,018</u>	<u>\$ 965,929</u>	<u>\$ 1,160,947</u>
<b>Non-Current Liabilities-</b>			
<b>Payable from Restricted Assets-</b>			
Customers' Deposits	\$ 0	\$ 427,076	\$ 427,076
Long-term Debt	75,900	8,011,307	8,087,207
Compensated Absences	216,401	61,901	278,302
Net OPEB Obligation	266,987	137,539	404,526
Net Pension Liability	<u>2,947,691</u>	<u>880,495</u>	<u>3,828,186</u>
Total Non-Current Liabilities	<u>\$3,506,979</u>	<u>\$ 9,518,318</u>	<u>\$13,025,297</u>
<b>Total Liabilities</b>	<u><b>\$3,701,997</b></u>	<u><b>\$10,484,247</b></u>	<u><b>\$14,186,244</b></u>
<b>Deferred Inflows of Resources:</b>			
Pensions	<u>\$ 400,434</u>	<u>\$ 139,876</u>	<u>\$ 540,310</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	\$5,880,136	\$ 8,881,023	\$14,761,159
Restricted for Debt Service	0	1,327,538	1,327,538
Unrestricted	<u>167,432</u>	<u>1,103,642</u>	<u>1,271,074</u>
Total Net Position	<u><b>\$6,047,568</b></u>	<u><b>\$11,312,203</b></u>	<u><b>\$17,359,771</b></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, 2019

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 817,962	\$ 0	\$ 3,388	\$ 0	\$ (814,574)	\$ 0	\$ (814,574)
Public Safety	1,344,223	75,683	26,020	0	(1,242,520)	0	(1,242,520)
Collection & Administration	139,929	0	0	0	(139,929)	0	(139,929)
Streets	309,456	0	0	0	(309,456)	0	(309,456)
Motor Pool	106,852	0	0	0	(106,852)	0	(106,852)
Sanitation	406,307	55,834	577,081	0	226,608	0	226,608
Sewer	209,150	0	0	0	(209,150)	0	(209,150)
Recreation	356,048	12,185	0	0	(343,863)	0	(343,863)
Interest on Long-term Debt	<u>6,030</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,030)</u>	<u>0</u>	<u>(6,030)</u>
<b>Total Governmental Activities</b>	<b>\$ 3,695,957</b>	<b>\$ 143,702</b>	<b>\$606,489</b>	<b>\$ 0</b>	<b>\$(2,945,766)</b>	<b>\$ 0</b>	<b>\$(2,945,766)</b>
<b>Business-Type Activities:</b>							
Utilities Administration	\$ 141,404	\$1,522,803	\$ 0	\$ 0	\$ 0	\$ 1,381,399	\$ 1,381,399
Electric	6,372,625	4,906,874	0	0	0	(1,465,751)	(1,465,751)
Water	671,783	917,871	0	12,136	0	258,224	258,224
Sewer	554,272	488,337	0	0	0	(65,935)	(65,935)
Interest on Long-term Debt	<u>191,594</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(191,594)</u>	<u>(191,594)</u>
<b>Total Business-Type Activities</b>	<b>\$ 7,931,678</b>	<b>\$7,835,885</b>	<b>\$ 0</b>	<b>\$12,136</b>	<b>\$ 0</b>	<b>\$(83,657)</b>	<b>\$(83,657)</b>
<b>Total Government</b>	<b>\$11,627,635</b>	<b>\$7,979,587</b>	<b>\$606,489</b>	<b>\$12,136</b>	<b>\$(2,945,766)</b>	<b>\$(83,657)</b>	<b>\$(3,029,423)</b>
<b>General Revenues:</b>							
Taxes-							
Ad Valorem					\$ 181,142	\$ 0	\$ 181,142
Sales & Use					1,306,489	0	1,306,489
Franchise					55,344	0	55,344
Hotel & Motel					87,780	0	87,780
Licenses & Permits					249,471	0	249,471
Interest Income					1,076	6,404	7,480
Miscellaneous					1,950,214	0	1,950,214
Gain on Sale of Capital Assets					0	376	376
Non-Employer Contribution					70,036	13,264	83,300
Transfers					<u>596,743</u>	<u>(596,743)</u>	<u>0</u>
<b>Total General Revenues &amp; Transfers</b>					<b>\$ 4,498,295</b>	<b>\$(576,699)</b>	<b>\$ 3,921,596</b>
<b>Change in Net Position</b>					<b>\$ 1,552,529</b>	<b>\$(660,356)</b>	<b>\$ 892,173</b>
<b>Net Position at Beginning of Year</b>					<b>4,495,039</b>	<b>11,972,559</b>	<b>16,467,598</b>
<b>Net Position at End of Year</b>					<b>\$ 6,047,568</b>	<b>\$11,312,203</b>	<b>\$17,359,771</b>

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

## FUND FINANCIAL STATEMENTS



City of Winnfield, Louisiana  
Balance Sheet-Governmental Funds  
June 30, 2019

	Major Funds		Non Major Funds	Total
	General Fund	Sales Tax Fund	Capital Projects Fund	
<u>Assets</u>				
Cash & Cash Equivalents	\$1,009,697	\$2,059,815	\$417	\$3,069,929
Revenue Receivables-				
Intergovernmental-				
Federal	0	0	0	0
State	0	0	0	0
Local	0	124,158	0	124,158
Other	82,582	0	0	82,582
Due from Other Funds	<u>29,470</u>	<u>0</u>	<u>0</u>	<u>29,470</u>
Total Assets	<u>\$1,121,749</u>	<u>\$2,183,973</u>	<u>\$417</u>	<u>\$3,306,139</u>
<u>Liabilities</u>				
Accounts Payable	\$ 79,416	\$ 41,221	\$ 0	\$ 120,637
Accrued Payroll	63,901	0	0	63,901
Accrued Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 143,317</u>	<u>\$ 41,221</u>	<u>\$ 0</u>	<u>\$ 184,538</u>
<u>Fund Balances</u>				
Restricted for:				
Special Purposes	\$ 0	\$2,142,752	\$417	\$2,143,169
Unassigned	<u>978,432</u>	<u>0</u>	<u>0</u>	<u>978,432</u>
Total	<u>\$ 978,432</u>	<u>\$2,142,752</u>	<u>\$417</u>	<u>\$3,121,601</u>
 Total Liabilities & Fund Balances	 <u>\$1,121,749</u>	 <u>\$2,183,973</u>	 <u>\$417</u>	 <u>\$3,306,139</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, 2019

Total Fund Balances of the Governmental Funds	\$ 3,121,601
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	52,052,892
Less, Accumulated Depreciation	(46,086,376)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet-	
	877,344
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	(86,380)
Accrued Compensated Absences	(216,401)
Net OPEB Obligation	(266,987)
Net Pension Liability	(2,947,691)
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>(400,434)</u>
Net Position of Governmental Activities	<u>\$ 6,047,568</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, 2019

	<u>Major Funds</u>		<u>Non Major Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Capital Projects Fund</u>	
<b>REVENUES:</b>				
Taxes	\$ 324,265	\$1,306,489	\$ 0	\$1,630,754
Licenses & Permits	249,471	0	0	249,471
Intergovernmental	606,489	0	0	606,489
Charges for Services	122,844	0	0	122,844
Fines	20,858	0	0	20,858
Interest	364	711	1	1,076
Miscellaneous	<u>1,005,002</u>	<u>342,953</u>	<u>0</u>	<u>1,347,955</u>
Total Revenues	<u>\$2,329,293</u>	<u>\$1,650,153</u>	<u>\$ 1</u>	<u>\$3,979,447</u>
<b>EXPENDITURES:</b>				
Current-				
General Government	\$ 807,802	\$ 0	\$ 0	\$ 807,802
Public Safety-				
Police	823,123	0	0	823,123
Fire	326,760	0	0	326,760
Animal Shelter	206	0	0	206
Collection & Administration	0	139,929	0	139,929
Streets, Drainage & Sidewalks	265,454	257,086	0	522,540
Motor Pool	0	106,852	0	106,852
Sanitation & Sanitary Landfill	380,770	0	0	380,770
Recreation	325,304	0	0	325,304
Sewer	0	209,150	0	209,150
Debt Service-Principal	20,163	0	0	20,163
Debt Service-Interest	<u>6,031</u>	<u>0</u>	<u>0</u>	<u>6,031</u>
Total Expenditures	<u>\$2,955,613</u>	<u>\$ 713,017</u>	<u>\$ 0</u>	<u>\$3,668,630</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (626,320)</u>	<u>\$ 937,136</u>	<u>\$ 1</u>	<u>\$ 310,817</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, 2019

	<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	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds of Debt	0	0	0	0
Operating Transfers In	980,054	0	0	980,054
Operating Transfers Out	<u>0</u>	<u>(383,311)</u>	<u>0</u>	<u>(383,311)</u>
Total Other Financing Sources (Uses)	\$ <u>980,054</u>	\$ <u>(383,311)</u>	\$ <u>0</u>	\$ <u>596,743</u>
Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 353,734	\$ 553,825	\$ 1	\$ 907,560
Fund Balance-Beginning of Year	<u>624,698</u>	<u>1,588,927</u>	<u>416</u>	<u>2,214,041</u>
Fund Balance-End of Year	\$ <u><u>978,432</u></u>	\$ <u><u>2,142,752</u></u>	\$ <u><u>417</u></u>	\$ <u><u>3,121,601</u></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, 2019

Net Change in Fund Balance - Governmental Funds	\$ 907,560
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>	
<p>Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is</p>	
	890,429
<p>Depreciation Expense on Capital Assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation is</p>	
	(471,105)
<p>Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in Governmental Funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. These timing differences are summarized below:</p>	
General Obligation Revenue Bond Debt Payments	20,163
Non-Employer Pension Revenue	70,036
Net OPEB Obligation	41,525
Pension Expense	122,063
Accrued Compensated Absences	<u>(28,142)</u>
Change in Net Position of Governmental Activities	<u>\$1,552,529</u>

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

City of Winnfield, Louisiana  
Statement of Net Position  
Proprietary Fund  
Year Ended June 30, 2019

Assets-	
Current Assets-	
Cash & Cash Equivalents	\$ 669,893
Receivables:	
Utility Billings, Net of Allowance of \$140,029	1,324,325
Other Receivable	1,544
Inventory, at Cost	<u>116,436</u>
Total Current Assets	<u>\$ 2,112,198</u>
Noncurrent Assets-	
Restricted Assets-	
Customer Deposits-	
Cash & Cash Equivalents	\$ 600,975
Investments	246,419
Bond Covenants-	
Cash & Cash Equivalents	1,327,538
Capital Assets, Net of Accumulated Depreciation	17,361,296
Other Assets	<u>4,800</u>
Total Noncurrent Assets	<u>\$19,541,028</u>
Total Assets	<u>\$21,653,226</u>
Deferred Outflows - Pensions	<u>\$ 283,100</u>
Liabilities-	
Current Liabilities-	
Accounts Payable	\$ 323,996
Accrued Payroll	22,708
Accrued Expenses	120,789
Due to Other Funds	29,470
Current Portion of Notes Payable	<u>468,966</u>
Total Current Liabilities	<u>\$ 965,929</u>
Noncurrent Liabilities-	
Payable from Restricted Assets-	
Customers' Deposits	\$ 427,076
Long-Term Debt	8,011,307
Compensated Absences	61,901
Net Pension Liability	880,495
Net OPEB Obligation	<u>137,539</u>
Total Noncurrent Liabilities	<u>\$ 9,518,318</u>
Total Liabilities	<u>\$10,484,247</u>
Deferred Inflows - Pensions	<u>\$ 139,876</u>
Net Position-	
Net Investment in Capital Assets	\$ 8,881,023
Restricted for Debt Service	1,327,538
Unrestricted	<u>1,103,642</u>
Total Net Position	<u>\$11,312,203</u>

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

City of Winnfield, Louisiana  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
Year Ended June 30, 2019

Operating Revenues:	
Charges for Services-	
Electric Department	\$ 4,906,874
Water Department	917,871
Sewer Department	488,337
Penalties	228,170
Miscellaneous	<u>1,294,633</u>
Total Operating Revenues	<u>\$ 7,835,885</u>
Operating Expenses:	
Electric Department	\$ 6,372,625
Water Department	671,783
Sewer Department	554,272
General & Administration	<u>141,404</u>
Total Operating Expenses	<u>\$ 7,740,084</u>
Operating Income	<u>\$ 95,801</u>
Non-Operating Revenues (Expenses):	
Gain on Investments	\$ 6,404
Non-Employer Contribution	13,264
Grant Revenue	12,136
Gain on Sale of Assets	376
Interest Expense	<u>(191,594)</u>
Total Non-Operating Revenues (Expenses)	<u>\$ (159,414)</u>
Loss Before Contributions and Transfers	<u>\$ (63,613)</u>
Contributions and Transfers-	
Transfer In	\$ 383,311
Transfers Out	<u>(980,054)</u>
Total Transfers	<u>\$ (596,743)</u>
Change in Net Position	\$ (660,356)
Net Position at Beginning of Year	<u>11,972,559</u>
Net Position at End of Year	<u>\$11,312,203</u>

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

City of Winnfield, Louisiana  
Statement of Cash Flows  
Proprietary Fund  
Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 8,966,455
Cash Payments to Suppliers for Goods and Services	(7,606,478)
Cash Payments to Employees	<u>(199,214)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,160,763</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers from Other Funds	\$ 383,311
Transfers to Other Funds	<u>(980,054)</u>
Net Cash Provided (Used) for Non-capital Financing Activities	<u>\$ (596,743)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Sale of Assets	\$ 376
Proceeds from Debt	134,437
Proceeds from Capital Grant	12,136
Principal Paid on Capital Debt	(222,674)
Interest Paid on Capital Debt	(203,985)
Acquisition and Construction of Capital Assets	<u>(146,573)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>\$ (426,283)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	<u>\$ 2,289</u>
Net Increase in Cash & Cash Equivalents	\$ 140,026
Cash & Cash Equivalents-Beginning of Year	<u>2,458,380</u>
Cash & Cash Equivalents-End of Year	<u>\$ 2,598,406</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, 2019

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

Operating Income	\$ 95,801
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ADJUSTMENTS OF OPERATING INCOME (LOSS) TO  
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Depreciation Expense	498,950
Changes in Assets and Liabilities-	
Decrease in Receivables	1,241,609
Decrease in Prepaid Insurance	12,500
Increase in Inventory	(11,251)
Decrease in Accounts Payable	(439,248)
Decrease in Accrued Expenses	(87,745)
Increase in Net OPEB	17,995
Decrease in Net Pension Liability	(70,923)
Increase in Compensated Absences	14,114
Decrease in Customers' Deposits	<u>(111,039)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$1,160,763</u>

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:

Current Assets-	
Cash and Cash Equivalents	\$ 669,893
Restricted Assets-	
Cash and Cash Equivalents	<u>1,928,513</u>
Total Cash and Cash Equivalents	<u>\$2,598,406</u>

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

## NOTES TO FINANCIAL STATEMENTS

City of Winnfield, Louisiana  
Notes to Financial Statements  
June 30, 2019

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, 2019

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 two categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

City of Winnfield, Louisiana  
Notes to Financial Statements  
June 30, 2019

The funds of the City are described below:

Governmental Funds-

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

Capital Projects Fund is used to account for the acquisition or construction of major capital facilities.

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, 2019

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 the following major governmental funds:

General Fund-To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

Special Revenue Fund-To account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The City's special revenue fund consists of a sales tax fund.

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, 2019

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, 2019 was \$140,029 and \$144,874 at June 30, 2018.

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

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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	\$ 980,054	\$ 0
Special Revenue Funds-		
Sales Tax	0	383,311
Enterprise Fund-		
Utility	<u>383,311</u>	<u>980,054</u>
Totals	<u>\$1,363,365</u>	<u>\$1,363,365</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.



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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. Fund Equity

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

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

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

In the General Fund, the City has an unassigned fund balance of \$978,432. 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.

Q. 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".

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.

R. 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.

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## 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, 2019, taxes of 7.39 mills for general corporate purposes were levied on property with an assessed valuation totaling \$21,534,334, and were dedicated as follows:

Total taxes collected were \$181,142 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.

## 3. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2019, is as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities:				
Capital Assets not Depreciated-				
Land	\$ 381,134	\$ 0	\$ 0	\$ 381,134
Construction in Progress	606,955	870,430	1,477,385	0
Capital Assets Depreciated-				
Infrastructure	40,324,893	1,004,712	0	41,329,605
Buildings & Improvements	7,410,332	472,673	0	7,883,005
Machinery & Equipment	825,662	19,999	0	845,661
Office Equipment & Furniture	5,542	0	0	5,542
Trucks & Vehicles	<u>1,607,945</u>	<u>0</u>	<u>0</u>	<u>1,607,945</u>
Total Capital Assets	<u>\$51,162,463</u>	<u>\$2,367,814</u>	<u>\$1,477,385</u>	<u>\$52,052,892</u>
Less: Accumulated Depreciation-				
Infrastructure	\$39,939,070	\$ 40,783	\$ 0	\$39,979,853
Buildings & Improvements	3,812,588	267,955	0	4,080,543
Machinery & Equipment	759,245	32,809	0	792,054
Office Equipment & Furniture	4,063	470	0	4,533
Trucks & Vehicles	<u>1,100,305</u>	<u>129,088</u>	<u>0</u>	<u>1,229,393</u>
Total Accumulated Depn.	<u>\$45,615,271</u>	<u>\$ 471,105</u>	<u>\$ 0</u>	<u>\$46,086,376</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,547,192</u>	<u>\$1,896,709</u>	<u>\$1,477,385</u>	<u>\$ 5,966,516</u>

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Depreciation expense of \$471,105 for the year ended June 30, 2019, was charged to the following governmental functions:

General Fund-

General Government	\$115,294
Public Safety	209,337
Streets	41,881
Sanitation	19,345
Recreation	<u>85,248</u>

Total General Fund \$471,105

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Business-Type Activities:				
Capital Assets not Depreciated-				
Land	\$ 54,480	\$ 0	\$0	\$ 54,480
Construction in Progress	7,234,985	60,678	0	7,295,663
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	808,157	0	0	808,157
Trucks & Vehicles	<u>588,994</u>	<u>85,895</u>	<u>0</u>	<u>674,889</u>
Total Capital Assets	<u>\$33,880,694</u>	<u>\$ 146,573</u>	<u>\$0</u>	<u>\$34,027,267</u>
Less, Accumulated Depreciation-				
Buildings & Improvements	\$ 142,809	\$ 16,795	\$0	\$ 159,604
Electrical System	3,782,967	11,537	0	3,794,504
Water System	5,638,646	261,525	0	5,900,171
Sewer System	5,234,932	190,149	0	5,425,081
Machinery & Equipment	787,545	10,662	0	798,207
Trucks & Vehicles	<u>580,122</u>	<u>8,282</u>	<u>0</u>	<u>588,404</u>
Total Accumulated Depn.	<u>\$16,167,021</u>	<u>\$ 498,950</u>	<u>\$0</u>	<u>\$16,665,971</u>
Business-Type Activities Capital Assets, Net	<u>\$17,713,673</u>	<u>\$(352,377)</u>	<u>\$0</u>	<u>\$17,361,296</u>

Depreciation expense of \$498,950 for the year ended June 30, 2019, was charged to the following business-type functions:

Electric System	\$ 17,251
Water System	279,274
Sewer System	<u>202,425</u>
Total Utility Fund	<u>\$498,950</u>

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4. Restricted Assets-Proprietary Fund Type

Restricted assets of the Utility Fund were applicable to the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Customer's Deposit Account	\$ 847,394	\$ 779,350
Bond Covenants	<u>1,327,538</u>	<u>1,230,748</u>
Total	<u>\$2,174,932</u>	<u>\$2,010,908</u>

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 July 2018, 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, 2019, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$10,480	\$ 4,787	\$ 15,267
2021	35,491	4,800	40,291
2022	12,370	2,897	15,267
2023	13,439	1,828	15,267
2024	<u>14,600</u>	<u>667</u>	<u>15,267</u>
Total	<u>\$86,380</u>	<u>\$14,979</u>	<u>\$101,359</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. 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.

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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, 2019, total bond proceeds were \$1,276,282. 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.
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 October 2018, the City of Winnfield borrowed \$85,895 from Government Capital Corporation for a 55 foot bucket truck. The terms of this loan are repayments to be made over 5 years beginning October 31, 2019 at \$19,278 per annual at 3.97% interest, to be paid from the Utility Fund.
8. Series 2018 Bonds, also referred to as the Safe Drinking Water Revolving Loan Fund, in the amount of \$800,000 were authorized during the year ended June 30, 2019 to fund the ground storage tank replacement. However, principal forgiveness of \$160,000 was provided. The terms of the loan are annual principal payments and semi-annual interest payments for 240 months at 1.95% interest to be paid by the Utility Fund.

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

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 468,966	\$ 281,002	\$ 749,968
2021	480,295	270,519	750,814
2022	508,679	259,068	767,747
2023	526,123	246,517	772,640
2024	547,627	232,763	780,390
2025-2029	2,855,070	906,882	3,761,952
2030-2034	2,624,094	415,187	3,039,281
2035-2039	<u>469,419</u>	<u>12,801</u>	<u>482,220</u>
Total	\$8,480,273	\$2,624,739	\$11,105,012

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The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2019</u>
<b>Governmental Activities:</b>				
Long-Term Debt	\$ 106,543	\$ 0	\$ 20,163	\$ 86,380
Net OPEB	308,512	0	41,525	266,987
Net Pension Liability	3,247,120	0	299,429	2,947,691
Compensated Absences	<u>188,259</u>	<u>28,142</u>	<u>0</u>	<u>216,401</u>
Total	<u>\$3,850,434</u>	<u>\$ 28,142</u>	<u>\$361,117</u>	<u>\$3,517,459</u>
<b>Business-Type Activities:</b>				
Series 2012 Bonds - DWRLF	\$1,430,000	\$ 0	\$ 74,000	\$1,356,000
Series 2018 Bonds – DWRLF	0	48,542	0	48,542
Series 2012 Bonds – CWRLF	963,282	0	60,000	903,282
Sewer Revenue Bonds	713,404	0	63,000	650,404
Electric Revenue Bonds	5,235,000	0	0	5,235,000
Lease Purchases	226,824	85,895	25,674	287,045
Net OPEB	119,544	17,995	0	137,539
Net Pension Liability	1,046,862	0	166,367	880,495
Compensated Absences	<u>47,787</u>	<u>14,114</u>	<u>0</u>	<u>61,901</u>
Total	<u>\$9,872,703</u>	<u>\$166,546</u>	<u>\$389,041</u>	<u>\$9,560,208</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.

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

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in MERS with exceptions as outlined in the statutes. Any person eligible for membership whose first employment making him eligible for membership in MERS occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of MERS as a condition of employment. MERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.la.state.la.us](http://www.la.state.la.us).

#### *Benefits Provided*

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

#### **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).



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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.

#### **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 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,

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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.

#### **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, 2018, the actual employer contribution rate was 24.75% for Plan A.

According to state statute, MERS 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 \$34,142.

The City's contractually required composite contribution rate for the year ended June 30, 2019 was 26% 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 \$313,162 for the year ended June 30, 2019.

#### *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](http://www.lampers.org) or [www.lla.state.la.us](http://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 at 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.

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

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$22,408 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, 2019 was 32.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the City were \$95,785 for the year ended June 30, 2019.

#### *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, excluding state supplemental pay, and are employed by a fire department of 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](http://www.lafirefightersret.com) or [www.lla.state.la.us](http://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.

#### **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).

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### **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 30<sup>th</sup> 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, 2018, employer and employee contributions for members above the poverty line were 26.50% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% 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 \$26,750 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, 2019 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 \$90,255 for the year ended June 30, 2019.

*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](http://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, at age 55 upon completing 25 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 retirement age, 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 or 100% of final average compensation if the injury was the result of an intentional act of violence.

### **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, 2018 were as follows:

<u>Plan</u>	<u>Plan Status</u>	<u>Employer Contribution Rate</u>
Corrections Primary	Closed	31.10%
Corrections Secondary	Closed	35.30%
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%
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%
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%
<b>Aggregate Rate</b>		<b>35.80%</b>

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The City's contractually required composite contribution rate for the year ended June 30, 2019 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, 2019.

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

At June 30, 2019, the City reported a total of \$3,828,186 for its proportionate share of the Net Pension Liabilities of the Plans.

Plan	Measurement Date	
	June 30, 2018	June 30, 2017
MERS	\$2,266,396	\$2,694,626
MPERS	960,001	1,004,252
FRS	592,855	585,531
LASERS	8,934	9,573
Total	\$3,828,186	\$4,293,982

The Net Pension Liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the Net Pension Liabilities were determined by an actuarial valuation as of 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	.54735%	.64412%
MPERS	.11356%	.11503%
FRS	.10307%	.10215%
LASERS	.00013%	.00014%
Total	.76411%	.86144%

For the fiscal year ended June 31, 2019 and 2018, 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	\$130,606	\$293,611
MPERS	72,427	103,326
FRS	103,415	102,167
LASERS	733	1,100
Total	\$307,181	\$500,204

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At June 30, 2019, 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	-	80,580	4,328	49,058	-	45,123	-	100	4,328	174,861
Changes in Assumptions	68,225	-	62,735	-	41,357	94	91	-	172,408	94
Net Difference between projected and actual earnings on pension plan	347,312	-	46,020	-	38,549	-	116	-	431,997	-
Changes in employer's proportion of beg NPL	-	277,467	27,811	48,698	23,707	30,357	23	230	51,541	356,752
Differences between employer and proportionate share of contributions	-	1,995	-	6,065	-	541	6	2	6	8,603
Subsequent Measurement Contributions	313,162	-	95,785	-	90,255	-	962	-	500,164	-
Total	728,699	360,042	236,679	103,821	193,868	76,115	1,198	332	1,160,444	540,310

The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date in the amount of \$500,164, 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:	
2020	\$ 55,495
2021	37,073
2022	27,498
2023	(97)
2024	1
2025	0
Total	\$119,970

#### *Actuarial Assumptions*

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

Assumptions	MERS	MPERS	FRS	LASERS
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	7.275%	7.2000%	7.300%	7.650%
Inflation rate	2.600%	2.750%	2.700%	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

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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.

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, and 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-estimates 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, 2018 are summarized in the following table:

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June 30, 2019

<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>
Equity	50%	2.30%	52%	3.58%	54%	20.34%	9.57%
Fixed Income	35%	1.60%	22%	0.46%	26%	1.76%	3.72%
Alternatives	15%	0.70%	20%	1.07%	10%	13.11%	7.67%
Other	0%	0.00%	6%	0.17%	10%	9.20%	4.48%
Totals	100%	4.60%	100%	5.28%	100%		
Inflation		2.60%		2.75%			
Expected Nominal Return		7.20%		8.03%			

The discount rate used to measure the total pension liability was 7.275% for MERS, 7.2% for MPERS, 7.3% for FRS, and 7.65% 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	\$2,911,392	\$2,266,396	\$1,715,869
MPERS	\$1,349,067	\$ 960,001	\$ 633,589
FRS	\$ 865,116	\$ 592,855	\$ 364,062
LAMPERS	\$ 11,275	\$ 8,934	\$ 6,918

*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.

City of Winnfield, Louisiana  
Notes to Financial Statements  
June 30, 2019

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.

At June 30, 2019, the City had \$5,713,847 in deposits (collected bank balances). These deposits were secured from risk by \$328,610 of federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank with a total market value of \$4,284,457 (GASB Category 3).

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, 2019 the City had \$246,419 in investments. These investments were fully secured by U.S. Government securities.



City of Winnfield, Louisiana  
Notes to Financial Statements  
June 30, 2019

9. Compensation of City Councilmen

A detail of compensation paid to individual councilmen for the year ended June 30, 2019 follows:

Lawanda Holden	\$10,800
Teresa Phillips	10,800
Michael Miller	10,800
Sarah Junkin	10,800
Gerald Hamms	<u>10,800</u>
Total	<u>\$54,000</u>

10. Receivables

The following is a summary of receivables at June 30, 2019:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>
Intergovernmental-			
Federal	\$ 0	\$ 0	\$ 0
State	0	0	0
Local	0	124,158	0
Other Receivables	<u>82,582</u>	<u>0</u>	<u>1,324,325</u>
Total	<u>\$82,582</u>	<u>\$124,158</u>	<u>\$1,324,325</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 \$140,029.

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 \$19,450 and the related expenditures are as follows:

City Police Department	\$12,050
City Fire Department	<u>7,400</u>
Total	<u>\$19,450</u>

City of Winnfield, Louisiana  
Notes to Financial Statements  
June 30, 2019

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.

*Employees covered by benefit terms* – At June 30, 2019, 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 \$404,525 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	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%

City of Winnfield, Louisiana  
Notes to Financial Statements  
June 30, 2019

The discount rate was based on the average of the Bond Buyer 20 Year General Obligation municipal bond index as of June 30, 2019, 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-2018.

The assumptions are based on the 2018 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, 2018	\$428,056
Changes for the year:	
Service cost	9,996
Interest	15,654
Differences between expected and actual experience	0
Benefit payments and net transfers	(49,181)
Net changes	(23,531)
Balance at June 30, 2019	\$404,525

*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:

	<b>1.0% Decrease (2.88%)</b>	<b>Current Discount Rate (3.88%)</b>	<b>1.0% Increase (4.88%)</b>
Total OPEB liability	\$385,658	\$404,525	\$424,717

*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:

	<b>1.0% Decrease (4.0%)</b>	<b>Current Trend (5.0%)</b>	<b>1.0% Increase (6.0%)</b>
Total OPEB liability	\$384,449	\$404,525	\$427,006

City of Winnfield, Louisiana  
Notes to Financial Statements  
June 30, 2019

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$25,650. There were no payables to the plan at June 30, 2019. At June 30, 2019, 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 April 6, 2021, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

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, 2019

	<u>Budgeted Amounts</u>		Variance- Favorable
	<u>Original/Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<b>REVENUES:</b>			
Taxes	\$ 306,200	\$ 324,265	\$ 18,065
Licenses & Permits	199,460	249,471	50,011
Intergovernmental	949,100	606,489	(342,611)
Charges for Services	75,230	122,844	47,614
Fines	12,000	20,858	8,858
Interest	240	364	124
Miscellaneous	<u>60,610</u>	<u>1,005,002</u>	<u>944,392</u>
Total Revenues	<u>\$ 1,602,840</u>	<u>\$2,329,293</u>	<u>\$ 726,453</u>
<b>EXPENDITURES:</b>			
Current-			
General Government	\$ 758,800	\$ 807,802	\$ (49,002)
Public Safety-			
Police	1,498,450	823,123	675,327
Fire	505,460	326,760	178,700
Animal Shelter	75,625	206	75,419
Streets, Drainage & Sidewalks	754,310	265,454	488,856
Sanitation & Sanitary Landfill	422,880	380,770	42,110
Recreation	528,100	325,304	202,796
Debt Service	<u>0</u>	<u>26,194</u>	<u>(26,194)</u>
Total Expenditures	<u>\$ 4,543,625</u>	<u>\$2,955,613</u>	<u>\$ 1,588,012</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$(2,940,785)</u>	<u>\$ (626,320)</u>	<u>\$ 2,314,465</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	\$ 2,941,400	\$ 980,054	\$(1,961,346)
Debt Proceeds	0	0	0
Sales of Capital Assets	<u>45,700</u>	<u>0</u>	<u>(45,700)</u>
Total Other Financing Sources (Uses)	<u>\$ 2,987,100</u>	<u>\$ 980,054</u>	<u>\$(2,007,046)</u>
Excess (Deficiency) of Revenues and Other Sources over (Under) Expenditures and Other Uses	\$ 46,315	\$ 353,734	\$ 307,419
Fund Balance-Beginning of Year	<u>624,698</u>	<u>624,698</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 671,013</u>	<u>\$ 978,432</u>	<u>\$ 307,419</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, 2019

	<u>Budgeted Amounts</u>		Variance- Favorable
	<u>Original/Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
REVENUES:			
Taxes	\$1,436,000	\$1,306,489	\$(129,511)
Intergovernmental	20,000	0	(20,000)
Miscellaneous	0	342,953	342,953
Interest	<u>1,500</u>	<u>711</u>	<u>(789)</u>
Total Revenues	<u>\$1,457,500</u>	<u>\$1,650,153</u>	<u>\$ 192,653</u>
EXPENDITURES:			
Current-			
Collections & Administration	\$ 44,300	\$ 139,929	\$ (95,629)
Streets, Drainage & Sidewalks	546,400	257,086	289,314
Motor Pool	176,000	106,852	69,148
Recreation	69,000	0	69,000
Sewer	<u>50,000</u>	<u>209,150</u>	<u>(159,150)</u>
Total Expenditures	<u>\$ 885,700</u>	<u>\$ 713,017</u>	<u>\$ 172,683</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>\$ 571,800</u>	<u>\$ 937,136</u>	<u>\$ 365,336</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>(650,000)</u>	<u>(383,311)</u>	<u>266,689</u>
Total Other Financing Sources (Uses)	<u>\$ (650,000)</u>	<u>\$ (383,311)</u>	<u>\$ 266,689</u>
Excess (Deficiency) of Revenues and Other Sources over (Under) Expenditures and Other Uses	\$ (78,200)	\$ 553,825	\$ 632,025
Fund Balance-Beginning of Year	<u>1,588,927</u>	<u>1,588,927</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,510,727</u>	<u>\$2,142,752</u>	<u>\$ 632,025</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, 2019

<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%
2019	0.54735%	\$2,266,396	\$1,204,470	188%	63.9%
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%
2019	0.11356%	\$ 960,001	\$ 297,008	323%	71.9%
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%
2019	0.10307%	\$ 592,855	\$ 341,165	174%	74.8%
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%
2019	0.00013%	\$ 8,934	\$ 2,400	372%	64.3%

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, 2019

<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>
<b>Municipal Employees' Retirement System (MERS)</b>					
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%
2019	\$313,162	\$313,162	\$0	\$1,204,470	26.0%
<b>Municipal Police Employees' Retirement System (LAMPERS)</b>					
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%
2019	\$ 95,785	\$ 95,785	\$0	\$ 297,008	32.2%
<b>Firefighters' Retirement System (FRS)</b>					
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%
2019	\$ 90,255	\$ 90,255	\$0	\$ 341,165	26.5%
<b>Louisiana State Employees' Retirement System (LASERS)</b>					
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%
2019	\$ 962	\$ 962	\$0	\$ 2,400	40.1%

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

City of Winnfield  
Schedule of Changes in Net OPEB Liability and Related Ratios  
For the Year Ended June 30, 2019

	6/30/2019	6/30/2018
<b>Total OPEB liability</b>		
Service cost	\$ 9,996	\$ 9,623
Interest	15,654	16,907
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit Payments	(49,181)	(49,181)
<b>Net Change in total OPEB liability</b>	<b>\$ (23,531)</b>	<b>\$ (22,651)</b>
<b>Total OPEB liability - beginning</b>	<b>428,056</b>	<b>450,707</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 404,525</b>	<b>\$ 428,056</b>
Covered-employee payroll	<u>\$ 1,531,135</u>	<u>\$ 1,531,135</u>
Net OPEB liability as a percentage of covered-employee payroll	26.42%	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, 2019.

*Changes of Assumptions.* There were no changes of assumptions for the year ended June 30, 2019.

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

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

City of Winnfield, Louisiana  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2019

Agency Head Name: George Moss, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$60,000
Benefits-Insurance	6,267
Benefits-Retirement	16,044
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	536
Dues	0
Vehicle rental	171
Per Diem	0
Reimbursements	827
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	155
Other	0

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

## OTHER REPORTS

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

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

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

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

To the Mayor and the City Council of  
Winnfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States 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, 2019, 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 April 6, 2021.

**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 2019-001, 2019-002 and 2019-003.

## **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 2019-004, 2019-005, 2019-006, and 2019-007.

## **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

April 6, 2021

City of Winnfield, Louisiana  
Schedule of Audit Findings  
Year Ended June 30, 2019

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. Since the City did not present all of its component units, an adverse opinion was issued for the City of Winnfield as a reporting entity; however, an unmodified opinion was issued on the primary government financial statements of the City of Winnfield as of and for the year ended June 30, 2019.
2. The audit disclosed three material weaknesses in internal control (2019-001, 2019-002 and 2019-003).
3. The audit disclosed four instances of noncompliance that are required to be reported under *Government Auditing Standards* (2019-004, 2019-005, 2019-006, and 2019-007).

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control-

*2019-001 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, 2019, books of account including cash receipt and disbursement 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 reconciled. As a result, the city council members did not receive accurate monthly financial reports.

*Cause* – The City has no internal control system in place to ensure preparation, maintenance and reconciliations of cash receipt and disbursement 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 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 reported transactions. 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.

*2019-002 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.

City of Winnfield, Louisiana  
Schedule of Audit Findings (continued)  
Year Ended June 30, 2019

*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.

2019-003 *Employee Insurance Withholdings*

*Criteria* – Adequate and effective internal control systems require correct and timely payroll withholdings.

*Condition* – The record keeping procedures of the City of Winnfield does not allow for correct payroll deduction amounts to be withheld from employee pay checks.

*Cause* – Inadequate internal control over employee insurance withholdings.

*Effect* – The City could suffer loss of resources by overpaying the City's portion of payroll liabilities.

*Recommendation* – We recommend that procedures be implemented to ensure that employee withholdings are properly handled.

Noncompliance-

2019-004 *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, 2019, 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, 2019.

*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.

2019-005 *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.



City of Winnfield, Louisiana  
Schedule of Audit Findings (continued)  
Year Ended June 30, 2019

*Condition* – For the year ended June 30, 2019, the City did not provide to the auditing firm with an amended budget. The original budget analysis contained an unfavorable variance greater than five percent for revenues and other uses for the General Fund.

*Cause* – The City did not provide the auditing firm with an amended budget. As a result, we were required to compare the original budget to actual which did not 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.

2019-006 *Bond Covenants*

*Criteria* – The City is responsible for continuing the funding requirements as listed in the bond indebtedness contracts. Each debt issued has monthly funding requirements called bond covenants.

*Condition* – For the year ended June 30, 2019, the City had not complied with these bond covenants as the required accounts were not established or funded.

*Cause* – The City was not in compliance with of the bond covenant requirements.

*Effect* – Continued noncompliance with the bond covenants could result in the denial for the issuance of future bonds.

*Recommendation* – The City should ensure that all bond covenants are followed as stated in the bond indebtedness contracts.

2019-007 *Cash Balance Unsecured*

*Criteria* – Louisiana state law requires that all funds held by banks for an entity must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the FDIC insurance must at all times equal or exceed the amount on deposit with the bank.

*Condition* – The cash balance in the bank was not fully secured by FDIC or pledged securities at June 30, 2019.

*Cause* – The City did not monitor the bank balances to ensure the balances were not in excess of FDIC Insurance and pledged securities.

*Effect* – If the bank were to fail, then the City's funds in excess of FDIC insurance and pledged securities could be lost.

*Recommendation* – The City should notify the bank when bank balances exceed the FDIC insurance and pledged securities.

City of Winnfield, Louisiana  
Schedule of Audit Findings (continued)  
Year Ended June 30, 2019

III. PRIOR YEAR AUDIT FINDINGS

2018-001 *Control over Financial Reporting and Reconciliations*

*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.

*Status* – This finding was not cleared, see 2019-001.

2018-002 *Control over Cash Collections*

*Condition* – For the year ended June 30, 2018, 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 2019-002.

2018-003 *Cash Collections at the Landfill*

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

*Status* – This finding was cleared as of June 30, 2019.

2018-004 *Late Submission of Report*

*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.

*Status* – This finding was not cleared, see 2019-004.

2018-005 *Local Government Budget Act*

*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 and proper amendments were not made to ensure the five percent variance for revenues were met.

*Status* – This finding was not cleared, see 2019-005.

2018-006 *Availability of Minutes of Council Meetings*

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

*Status* – This finding was cleared as of June 30, 2019.



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This our response to the audit findings in the audit report for year ending June 30, 2019.

**2019-001 Control over Financial Reporting and Reconciliations**

We are working with a contract accountant to assist us in bank reconciliations.

**2019-002 Control over Cash Collections**

We are working with a contract accountant 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 have ensured moving forward that there is a proper and adequate policy and controls for proper record retention to enable a proper audit trail.

**2019-003 Employee Insurance Withholdings**

We have implemented a human resource clerk that can maintain proper and adequate control.

**2019-004 Late Submission of Report**

We are working with a contract accountant 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.

**2019-005 Local Government Budget Act**

As stated above we are currently working with a contract accountant to prepare and present current month and year to date budget to actual financial statements monthly. We anticipate having these financials statements monthly. 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.

**2019-006 Bond Covenants**

We have consulted with our contract accountant to monitor and control the bond covenant requirements.

George Moss, Mayor

**City Council**

LaWanda Holden  
District 1

Gerald Hamms  
District 2

Sarah Junkin  
District 3

Matt Miller  
District 4

Teresa Phillips  
District 5

*2019-007 Cash Balance Unsecured*

Bank account reconciliations are completed timely, so we can monitor the bank balances more effectively. We will monitor the cash balances and notify the bank when any balances are over the FDIC insurance coverage and pledged securities coverage.

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

Respectfully,

*Katina Smith*

Katina Smith  
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