

CITY OF CENTRAL, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2019

CITY OF CENTRAL, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Central, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the **CITY OF CENTRAL, LOUISIANA (CITY)** as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 4 through 12 and 41 through 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Central, Louisiana's basic financial statements. The Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actuals on page 50 and the schedule of compensation, benefits and other payments to agency head on page 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actuals and the schedule of compensation, benefits and other payments to agency head is 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. In our opinion, based on our audit and the procedures performed as described above, the Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actuals and the schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 on our consideration of the **CITY OF CENTRAL, LOUISIANA**'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 18, 2019

CITY OF CENTRAL, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the City of Central's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities and currently known facts, and should be read in conjunction with the financial statements which begin on Exhibit A.

FINANCIAL HIGHLIGHTS

In 2019, the City of Central experienced an increase in revenues of 8% compared to the prior year while expenses decreased 22% from the prior year in the government-wide activities. The increase in revenue is largely due to an increase in sales taxes and the decrease in expenses is due to a decrease in public works expenditures. The City has a contract with a not-for-profit organization to provide administrative, financial, public works, code enforcement, permitting, and inspection services. In 2019, the cost of this contract was \$4.1 million, which represents 44% of total government-wide expenses. Additionally, the City received sales tax and franchise tax of \$8.9 million and \$1.6 million, respectively, while charges for services generated \$961,500 in revenue in 2019. Throughout the year, the City has continued its recovery efforts from the 2016 August flood with debris monitoring and removal, and drainage efforts. Also, the City has focused on road and infrastructure improvements. Additionally, the City has maintained a logical and thoughtful alignment of City resources to community needs.

The major financial highlights for 2019 are as follows:

- Assets of the City's primary government exceeded its liabilities at the end of the year by \$45 million (net position). Net position includes \$30.1 million that may be used without restriction to meet the City's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by \$3.5 million during 2019.
- At year end, the City's governmental funds reported fund balances of \$40.6 million, an increase of approximately \$3.3 million from the prior year, with restrictions or commitments as follows:
 - Restricted:
 - Capital projects - \$10.4 million
 - Commitments:
 - Operational reserves - \$5.1 million
 - Emergency repairs and maintenance - \$4.3 million
 - Drainage repairs and maintenance - \$59,800
 - Road maintenance - \$3.4 million
 - Capital outlay and improvements - \$804,000

Significant aspects of the City's financial well-being, for the year ended June 30, 2019, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

The City's financial statements focus on the government as a whole (government-wide) and on major individual funds. Both perspectives (government-wide and major funds) allow the reader to address relevant questions, broaden a basis for comparison from year to year and enhance the City's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the City as a whole.

Fund financial statements start on page 16. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The City's auditors have provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly stated, in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

Reporting on the City as a Whole

The financial statements of the City as a whole begin on page 14. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way to determine if the City is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the City's net position and related changes. One can think of the City's net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of its financial health. One will need to consider other non-financial factors, such as changes in the City's sales tax base, to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities consist of governmental activities.

Governmental activities - The City's basic services are reported here, including public safety, public works, health and welfare, and general administration. Sales taxes, grants and contributions, and franchise fees finance the majority of these activities.

At June 30, 2019, the City's net position was \$45 million, of which \$30.1 million is unrestricted. Restricted net position is normally reported separately to show legal constraints from debt covenants and enabling legislation that limits the City's ability to use that net position for day-to-day operations.

Our analysis below of the primary government focuses on the net position and change in net position of the City's governmental activities.

City of Central, Louisiana
Statement of Net Position
June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Current and other assets	\$41,449,041	\$38,390,944
Capital assets, net	4,578,413	4,638,670
Total assets	46,027,454	43,029,614
Deferred outflow of resources	54,486	61,068
Total assets and deferred outflows of resources	\$46,081,940	\$43,090,682
Current and other liabilities	\$ 815,940	\$ 1,219,775
Long-term payables	210,222	251,084
Total liabilities	1,026,162	1,470,859
Deferred inflow of resources	11,233	47,733
Total liabilities and deferred inflows of resources	1,037,395	1,518,592
Net position:		
Net investment in capital assets	4,521,382	4,550,227
Restricted	10,424,785	9,864,712
Unrestricted	30,098,378	27,157,151
Total net position	45,044,545	41,572,090
Total liabilities, deferred inflows of resources, and net position	\$46,081,940	\$43,090,682

Total net position of the City's governmental activities increased by approximately \$3.5 million during the year ended June 30, 2019. Unrestricted net position increased by \$2.9 million. Unrestricted net position represents the amount of the net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements. The changes in net position are discussed later in this analysis.

The results of the past two years' operations for the primary government as a whole, as reported in the Statement of Activities, are as follows:

City of Central, Louisiana Changes in Net Position June 30, 2019 and 2018		
	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 961,490	\$ 1,163,488
Operating grants and contributions	135,972	133,534
Capital grants and contributions	167,632	196,983
General revenues:		
Sales and use taxes	8,949,915	8,384,450
Franchise taxes	1,646,543	1,583,494
Investment earnings	822,964	311,048
Other	2,794	2,751
Total revenues	<u>12,687,310</u>	<u>11,775,748</u>
Functions/Program expenses:		
General government	704,191	810,968
Health and welfare	114,440	114,440
Public works	7,012,559	9,310,156
Highways and streets	713,751	940,743
Public safety	665,018	556,259
Interest on long-term debt	4,896	3,569
Total expenses	<u>9,214,855</u>	<u>11,736,135</u>
Increase in net position	3,472,455	39,613
Beginning net position	<u>41,572,090</u>	<u>41,532,477</u>
Ending net position	<u>\$45,044,545</u>	<u>\$41,572,090</u>

The increase in net position of \$3.5 million is primarily attributed to a decrease in overall expenditures related to drainage projects and maintenance. While grant and contribution and charges for services revenues decreased in 2019, the City did experience an increase in sales taxes and investment earnings revenues.

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. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types.

Reporting the City's Most Significant Funds

The City's major funds begin on page 16 with the fund financial statements that provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law, and the City Council establishes other funds to control and manage financial resources for particular purposes or to meet legal responsibilities for using certain taxes, grants and other financing sources.

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 near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. All of the City's basic services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation to the financial statements. The governmental major funds (Exhibits A-2 and A-4) presentation uses the modified accrual basis and focuses on the major funds of the City. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The City has six governmental funds, which are the General Fund, Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund (ESDRIM Fund), Half Cent Sales Tax, MovEBR, and Traffic Contribution special revenue funds, and the Capital Outlay and Improvement Fund.

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 are a required part of the basic financial statements and can be found in Exhibit A-6.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the City’s major special revenue funds general fund, which can be found in Exhibits B through B-7.

Financial Analysis of the General Fund

The general government operations of the City are accounted for in the General Fund, special revenue funds, and capital projects fund. The focus of these funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. The following is a summary of general governmental operations for 2019 by fund type:

	(in thousands)				
	2019				2018
	General Fund	Special Revenue Funds	Capital Projects Fund	Total	Total
Revenue	\$ 8,499	\$ 3,774	\$ 188	\$ 12,461	\$ 12,642
Expenditures	6,266	666	2,216	9,148	13,441
Other financing sources (uses)	(847)	(1,046)	1,893	-	-
Net change in fund balance	1,386	2,062	(135)	3,313	(799)
Beginning fund balance, restated	20,061	14,129	3,084	37,274	38,073
Ending fund balance	<u>\$ 21,447</u>	<u>\$ 16,191</u>	<u>\$ 2,949</u>	<u>\$ 40,587</u>	<u>\$ 37,274</u>

The City’s governmental funds experienced an increase in fund balance of approximately \$3.3 million during 2019. At year end, fund balances were \$40.6 million, of which \$16.4 million is unassigned and available for utilization at the City’s discretion. The remaining fund balance has been restricted for capital projects (\$10.4 million), or committed (\$13.6 million) and assigned (\$219,800) where internal constraints have been established by the City. At June 30, 2019, the fund balance of the General Fund was \$21.4 million compared to the fund balance of \$20.1 million at June 30, 2018. The General Fund’s charges for services decreased in 2019, while investment earnings and sales tax revenue increased. The General Fund’s overall expenditures increased by \$189,000 in 2019.

In 2019, the Capital Outlay and Improvement Fund experienced a decrease in fund balance of \$135,500 due to public works expenditures related to ongoing flood recovery efforts and road improvements.

(Continued)

The City's other major funds are the ESDRIM, Half Cent Sales Tax, MovEBR and Traffic Contribution special revenue funds. The following is a summary of changes in fund balance by special revenue fund:

Fund	Fund Balance (in thousands)		
	Beginning	Net Change	Ending
ESDRIM	\$ 7,037	\$ 655	\$ 7,692
Half Cent Sales Tax	6,886	1,067	7,953
MovEBR	-	326	326
Traffic Contribution	206	14	220
Total	\$ 14,129	\$ 2,062	\$ 16,191

Sources of governmental revenues, excluding transfers, are summarized below:

Source of Revenue	(in thousands)			
	2019		2018	
	Revenue	%	Revenue	%
Sales and use taxes	\$ 8,832	70	\$ 8,385	66
Franchise taxes	1,646	13	1,583	13
Charges for services	949	8	1,124	9
Intergovernmental grants and contributions	211	2	1,239	10
Investment and other income	823	7	311	2
Total	\$ 12,461	100	\$ 12,642	100

Revenues of the governmental funds decreased by \$181,000. This decrease is directly attributable to a decrease in charges for services and intergovernmental grants and contributions during 2019.

Governmental expenditures are summarized as follows:

Functions	(in thousands)			
	2019		2018	
	Expenditures	%	Expenditures	%
General government	\$ 705	8	\$ 862	6
Health and welfare	115	1	114	1
Public works	7,435	81	10,027	84
Highway and streets	22	-	27	-
Public safety	597	7	487	3
Debt services	36	-	33	-
Capital outlay	238	3	1,891	6
Total	\$ 9,148	100	\$ 13,441	100

Governmental expenditures decreased by \$4.3 million, or 32%. This decrease is primarily attributable to a decrease in public works expenditures in 2019 due to a high volume of debris removal and recovery efforts in 2018 related to the 2016 August floods.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the City’s General Fund operating budget was amended, which is a customary practice of the City, to reflect the changes that occur with financial related matters throughout the fiscal year. The most significant changes during 2019 were as follows:

- Decrease in charges for service revenues by \$128,000,
- Increase in intergovernmental grants and contributions revenue by \$32,000,
- Decrease in legal expenditures of \$92,000,
- Decrease in enforcement of administrative orders expenditures of \$96,000,
- Decrease in city operations and services of \$156,000,
- Decrease in weed control expenditures of \$90,000,

With these adjustments, the budgeted change in fund balance was \$102,000 less than the original budgeted change in fund balance of \$1.5 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the completion of the fiscal year ended June 30, 2019, the City had \$4.6 million invested in capital assets, net of accumulated depreciation of \$1.7 million, which was comprised of construction in progress, land, buildings, equipment, vehicles, and infrastructure.

	2019	2018
Construction in progress	\$ 299,551	\$ 293,011
Land	40,000	-
Buildings and improvements	144,037	-
Equipment	53,803	42,123
Vehicles	167,795	180,569
Infrastructure	3,873,227	4,122,967
Total assets, net of accumulated depreciation	\$ 4,578,413	\$ 4,638,670

The City elected to capitalize infrastructure assets, such as roads and bridges, on a prospective basis as a Phase 3 government, in accordance with GASB No. 34. As of June 30, 2019, the City has constructed \$4,867,558 of infrastructure since inception. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Debt

As of June 30, 2019, the City's long-term debt is comprised of the following:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Net pension liability	\$186,970	\$ 18,739	\$ 20,240	\$185,469
Capital lease obligations	88,443	-	31,412	57,031
Accrued compensated absences	7,708	-	6,646	1,062
Total long-term debt	<u>\$283,121</u>	<u>\$ 18,739</u>	<u>\$ 58,298</u>	<u>\$243,562</u>

More detailed information about the City's long-term liabilities is presented in Notes 6 and 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget and tax rates, including the national, state, and local economies. The General Fund's revenue is budgeted to increase by 1.4% to \$8.3 million for the 2020 fiscal year while expenditures are expected to increase by 18% to \$7.3 million. The City anticipates tax revenue and charges for services to increase by \$43,000 and \$57,000, respectively. Police department expenditures are expected to increase by \$110,000 in relation to the hiring of additional personnel and the increase in liability insurance and supplies that the new personnel will require. The administration of the City has made it a priority to continue road improvements, infrastructure work, and to implement the Master Drainage Plan to help guide the City's development with good, sound decisions.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Office at (225)261-5988, www.centralgov.com or 13421 Hooper Road, Suite 8, Central, Louisiana, 70818.

**CITY OF CENTRAL, LOUISIANA
BASIC FINANCIAL STATEMENTS**

CITY OF CENTRAL, LOUISIANA
STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 18,535,705
Investments	20,739,712
Due from other governments	1,648,300
Accounts receivable	524,174
Prepaid and other assets	1,150
Capital assets:	
Nondepreciable	339,551
Depreciable, net	<u>4,238,862</u>
Total assets	46,027,454
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension liability	<u>54,486</u>
Total assets and deferred outflows of resources	<u>\$ 46,081,940</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 558,817
Contracts payable	68,904
Retainage payable	38,401
Sales tax refund payable	116,478
Long-term debt:	
Due within one year	33,340
Due in more than one year	24,753
Net pension liability	<u>185,469</u>
Total liabilities	<u>1,026,162</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension liability	<u>11,233</u>
NET POSITION	
Net investment in capital assets	4,521,382
Restricted for capital projects	10,424,785
Unrestricted	<u>30,098,378</u>
Total net position	<u>45,044,545</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 46,081,940</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs					
Governmental activities:					
General government	\$ 704,191	\$ 961,490	\$ 43,517	\$ 98,368	\$ 399,184
Health and welfare	114,440	-	-	-	(114,440)
Public works	7,012,559	-	89,455	-	(6,923,104)
Highways and streets	713,751	-	-	-	(713,751)
Public safety	665,018	-	3,000	69,264	(592,754)
Interest on long-term debt	4,896	-	-	-	(4,896)
Total	\$ 9,214,855	\$ 961,490	\$ 135,972	\$ 167,632	(7,949,761)
General revenues:					
Taxes:					
Sales					8,949,915
Franchise					1,646,543
Investment earnings					822,964
Other					2,794
Total general revenues					11,422,216
Increase in net position					3,472,455
Net position - beginning of year					41,572,090
Net position - end of year					\$ 45,044,545

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA

Exhibit A-2

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2019

	Special Revenue Funds					Capital Outlay and Improvement Fund	Total Governmental Funds
	General	ESDRIM	Half Cent Sales Tax	MovEBR	Traffic Contribution		
ASSETS							
Cash and cash equivalents	\$ 12,919,747	\$ 212,305	\$ 2,143,647	\$ 97,436	\$ 219,812	\$ 2,942,758	\$ 18,535,705
Investments	7,996,476	7,104,592	5,638,644	-	-	-	20,739,712
Due from other governments	1,012,351	71,946	220,314	229,711	-	113,978	1,648,300
Accounts receivable	86,831	406,440	30,903	-	-	-	524,174
Prepaid and other assets	1,150	-	-	-	-	-	1,150
Total assets	\$ 22,016,555	\$ 7,795,283	\$ 8,033,508	\$ 327,147	\$ 219,812	\$ 3,056,736	\$ 41,449,041
LIABILITIES							
Accounts payable and accrued liabilities	\$ 469,293	\$ 31,247	\$ 57,196	\$ -	\$ -	\$ -	\$ 557,736
Sales tax refund payable	93,182	-	23,296	-	-	-	116,478
Contracts payable	-	-	-	-	-	68,904	68,904
Retainage payable	-	-	-	-	-	38,401	38,401
Total liabilities	562,475	31,247	80,492	-	-	107,305	781,519
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	6,810	71,946	-	752	-	-	79,508
FUND BALANCE							
Nonspendable	1,150	-	-	-	-	-	1,150
Restricted for capital projects	-	-	7,953,016	326,395	-	2,145,374	10,424,785
Committed	5,076,945	7,692,090	-	-	-	804,057	13,573,092
Assigned	-	-	-	-	219,812	-	219,812
Unassigned	16,369,175	-	-	-	-	-	16,369,175
Total fund balance	21,447,270	7,692,090	7,953,016	326,395	219,812	2,949,431	40,588,014
Total liabilities, deferred inflows of resources, and fund balance	\$ 22,016,555	\$ 7,795,283	\$ 8,033,508	\$ 327,147	\$ 219,812	\$ 3,056,736	\$ 41,449,041

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2019

Total net position reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds (Exhibit A-2)		\$ 40,588,014
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.		4,578,413
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases	(57,031)	
Accrued interest	(1,081)	
Accrued compensated absences	(1,062)	(59,174)
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures.		79,508
Pension related obligations that are not due and payable with current resources and, therefore, are not reported in governmental funds.		
Deferred outflows related to pension liability	54,486	
Net pension liability	(185,469)	
Deferred inflows related to pension liability	(11,233)	(142,216)
Net position of governmental activities (Exhibit A)		\$ 45,044,545

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA

Exhibit A-4

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended June 30, 2019

	Special Revenue Funds						Total Governmental Funds
	General	ESDRIM	Half Cent Sales Tax	MoveBR	Traffic Contribution	Capital Outlay and Improvement Fund	
REVENUES							
Taxes:							
Sales and use	\$ 7,177,771	\$ -	\$ 1,325,920	\$ 328,803	\$ -	\$ -	\$ 8,832,494
Franchise	-	1,646,543	-	-	-	-	1,646,543
Charges for services	934,943	-	-	-	14,000	-	948,943
Intergovernmental grants and contributions	22,727	-	-	-	-	187,823	210,550
Investment income	363,993	256,630	202,341	-	-	-	822,964
Total revenues	8,499,434	1,903,173	1,528,261	328,803	14,000	187,823	12,461,494
EXPENDITURES							
Current function:							
General government	702,975	-	-	-	-	-	702,975
Health and welfare	114,440	-	-	-	-	-	114,440
Public works	4,740,855	641,265	-	2,408	-	2,052,322	7,436,850
Highways and streets	-	-	22,021	-	-	-	22,021
Public safety - police	596,586	-	-	-	-	-	596,586
Debt service:							
Principal	31,412	-	-	-	-	-	31,412
Interest	4,896	-	-	-	-	-	4,896
Capital outlay	74,467	-	-	-	-	163,918	238,385
Total expenditures	6,265,631	641,265	22,021	2,408	-	2,216,240	9,147,565
Excess (deficiency) of revenues over expenditures	2,233,803	1,261,908	1,506,240	326,395	14,000	(2,028,417)	3,313,929
OTHER FINANCING SOURCES (USES)							
Transfers in	12,423	-	-	-	-	1,892,867	1,905,290
Transfers out	(859,417)	(606,963)	(438,910)	-	-	-	(1,905,290)
Total other financing sources (uses)	(846,994)	(606,963)	(438,910)	-	-	1,892,867	-
Net change in fund balance	1,386,809	654,945	1,067,330	326,395	14,000	(135,550)	3,313,929
FUND BALANCE							
Beginning of year, restated	20,060,461	7,037,145	6,885,686	-	205,812	3,084,981	37,274,085
End of year	\$ 21,447,270	\$ 7,692,090	\$ 7,953,016	\$ 326,395	\$ 219,812	\$ 2,949,431	\$ 40,588,014

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

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

Net change in fund balance - total governmental fund (Exhibit A-4)		\$ 3,313,929
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.</p>		
Capital outlay	\$ 238,385	
Depreciation expense	<u>(357,516)</u>	(119,131)
<p>The net effect of various non cash transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.</p>		
		58,874
<p>Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures.</p>		
Charges for services	6,810	
Operating grants	<u>39,917</u>	46,727
<p>The issuance of long-term debt for capital leases provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities. Similarly, payment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Scheduled principal payments on leases		31,412
<p>Some expenses reported in governmental funds are to be paid on a long-term basis and therefore are not reported as expenses in the statement of activities.</p>		
Sales tax refund payable		117,421
<p>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.</p>		
Legal claims	(14,842)	
Net change in compensated absences payable	<u>6,646</u>	(8,196)
<p>Changes in net pension obligations are reported only in the Statement of Activities.</p>		
		<u>31,419</u>
Change in net position of governmental activities (Exhibit A-1)		<u>\$ 3,472,455</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Central (City) was established on July 11, 2005 and is a political subdivision of the State of Louisiana. The City, under the provisions of the Lawrason Act, enacts ordinances, sets policy and establishes programs in such fields as public safety, public works, health and welfare, and highways and streets.

Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The significant accounting policies established in GAAP and used by the City are described below.

Reporting Entity

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

The criteria for determining which component units should be considered part of the City for financial reporting purposes are as follows:

- Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name;
- Whether the City governing authority (the Council and/or Mayor) appoints a majority of board members of the potential component unit;
- Fiscal interdependency between the City and the potential component unit;
- Imposition of will by the City on the potential component unit; and
- Financial benefit/burden relationship between the City and the potential component unit.

As required by generally accepted accounting principles, these financial statements present the City; there are no component units to be reported in the City's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The City's basic financial statements consist of the government-wide statements of the primary government (the City) and the fund financial statements (individual major funds and combined non-major funds). The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities* generally are financed through taxes, intergovernmental revenues, investment income, and other nonexchange revenues.

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

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund types are summarized into a single column in the basic financial statements. The City does not have any non-major funds or business-type categories.

The daily operations of the City are organized on the basis of 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. The City does not have any proprietary or fiduciary funds.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

A fund is considered major if it is the primary operating fund of the City (the General Fund) or meets the following criteria:

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

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds of the primary government presented in the financial statements are described as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the City are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income. The following are the governmental fund types of the City:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds that are considered major funds are the Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund (ESDRIM Fund), the Half Cent Sales Tax Fund, the MoveBR Fund, and the Traffic Contribution Fund. The ESDRIM Fund and the Half Cent Sales Tax Fund account for the collection of franchise tax and sales tax, respectively. The MoveBR Fund accounts for collection of sales tax for the improvement of roads within the City. The Traffic Contribution Fund accounts for fees charged to local developers to assist with traffic related matters impacted by their developments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

Capital Outlay and Improvement Fund - The Capital Outlay and Improvement Fund is used to account for the acquisition or construction of facilities and infrastructure. The Capital Outlay and Improvement Fund is considered a major fund.

Basis of Accounting and Measurement Focus

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Program revenues for governmental activities include operating grants, and licenses and permits.

Fund financial statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services and other revenues are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the City receives value without directly giving value in return, include sales and use tax, franchise tax, and intergovernmental grants. Sales taxes and franchise taxes are recorded when in possession of the intermediary collecting agent and are recognized as revenue at that time and subject to the availability criteria. Intergovernmental grants are recorded as revenue when the City is entitled to the funds, generally corresponding to when grant related costs are incurred by the City, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments, and compensated absences which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments

A consolidated bank account has been established into which substantially all monies are deposited and from which most disbursements are made. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The accounts entitled "Cash and cash equivalents" are therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment policy of the City is governed by state statutes that include depository and custodial contract provisions. The City invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, corporate stocks, and fully collateralized interest-bearing checking accounts and certificates of deposit.

Other provisions require depositories to insure or collateralize all deposits in accordance with state statutory law and require securities collateralizing deposits to be held by an independent third party with whom the City has a custodial agreement. The City primarily invests idle funds in governmental obligations and commercial paper.

Investments are stated at fair market value. Unrealized gains and losses on investments recorded at fair value are included in investment income; such amounts, if any, are immaterial.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Accounts Receivable and Due from Other Governments

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables and due from other governments are recognized as bad debts through the use of an allowance account or expensed at the time information becomes available indicating that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. Due from other governments amounts related to grants are estimates, actual results may differ from those estimates. No allowance has been recorded at June 30, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Deferred Outflows and Inflows of Resources

Government-wide Statements

In addition to assets in the government-wide financial statements, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The City has one item that qualifies for this category, which is deferred outflows related to pension liability and is reported in the government-wide statements.

In addition to liabilities in the government-wide financial statements, the Statement of Net Position or may report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) at that time. The City has one item that qualifies for this category, which is deferred inflows related to pension liability and is reported in the government-wide statements.

Fund Financial Statements

In the fund financial statements, unavailable revenues are accounted as deferred inflows of resources. This item is reported only in the governmental funds balance sheet. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Government-wide Statements

In the government-wide financial statements, long-term assets are accounted for as capital assets, which include land and land improvements, buildings and leasehold improvements, equipment, furniture and infrastructure assets (streets, roads, bridges and drainage systems). All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation and primarily relate to public safety equipment and vehicles. The City's capitalization policy stipulates a capitalization threshold of \$1,000.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are expensed. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life, as follows:

Leasehold improvements	5-7 years
Equipment	3-10 years
Vehicles	5 years
Infrastructure	10-20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are recorded as capital outlay expenditures of the governmental fund types when purchased.

Compensated Absences

The City has the following policy relating to vacation and sick leave:

The full time employees of the City accrue four to five and a half hours of vacation leave, depending on length of service, for each two-week pay period worked for a total of 104 to 144 hours per year, respectively. Vacation is payable for up to 240 hours upon resignation, termination or retirement at the employee's current rate of pay.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Municipal Employees' Retirement System (MERS) and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance the acquisition of those assets.
- Restricted net position—consists of net position that is restricted by the City's creditors (for example, through debt covenants), by state or local enabling legislation (through restrictions on shared revenues or taxes), by grantors, and by other contributors.
- Unrestricted—all other net position is reported in this category.

In the government-wide net position, restricted resources available for use will be depleted prior to use of unrestricted resources.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable—Amounts that cannot be spent either because they are nonspendable in form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance. This designation includes the Budget Reserve Account.
- Assigned—Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- Unassigned—All amounts not included in other spendable classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 18, 2019, which was the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2019, the carrying amount of the City's deposits totaled \$18,535,705 and the related bank balances were \$18,733,098. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. Additionally, state law requires that deposits be fully secured. At June 30, 2019, the City's deposits were not exposed to any custodial risk.

The above stated bank balances for the City are collateralized as follows:

	Amount
Category 1 - Amount insured by the FDIC	\$ 250,000
Category 2 - Amount collateralized with securities held by pledging financial institution's trust department in the City's name	17,190,608
Balances not subject to categorization:	
Cash and cash equivalents in U.S. securities	1,292,490
Total bank balances	\$ 18,733,098

Investments

The City is authorized by LA RS 39:1211-1245 and 33:2955 to invest temporarily idle monies in United States bonds, treasury notes, commercial paper, certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments, or any other investment allowed by state statute for local governments.

At June 30, 2019, the fair value/carrying value of investments in U.S. agency obligations and commercial paper totaled \$17,457,391 and \$3,282,321, respectively, with all securities maturing between 1 and 5 years. At year end, \$3,282,321 of the City's investments were exposed to custodial credit risk.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The City's investment policy does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2019 consisted of the following:

	<u>Amount</u>
Sales and use tax	\$ 1,462,376
Grants	<u>185,924</u>
Total primary government	<u>\$ 1,648,300</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, were as follows:

	<u>Amount</u>
Franchise fees	\$ 371,937
Investment interest	108,367
Other	<u>43,870</u>
Total primary government	<u>\$ 524,174</u>

(Continued)

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ -	\$ 40,000	\$ -	\$ 40,000
Construction in progress	293,011	150,577	144,037	299,551
Total capital assets not being depreciated	<u>293,011</u>	<u>190,577</u>	<u>144,037</u>	<u>339,551</u>
Capital assets being depreciated				
Buildings and improvements	74,561	144,037	-	218,598
Equipment	362,575	33,324	-	395,899
Vehicles	457,741	55,658	-	513,399
Infrastructure	4,849,858	17,700	-	4,867,558
Total capital assets being depreciated	<u>5,744,735</u>	<u>250,719</u>	<u>-</u>	<u>5,995,454</u>
Total capital assets	<u>6,037,746</u>	<u>441,296</u>	<u>144,037</u>	<u>6,335,005</u>
Less accumulated depreciation for:				
Buildings and improvements	74,561	-	-	74,561
Equipment	320,452	21,645	-	342,097
Vehicles	277,172	68,432	-	345,604
Infrastructure	726,891	267,439	-	994,330
Total accumulated depreciation	<u>1,399,076</u>	<u>357,516</u>	<u>-</u>	<u>1,756,592</u>
Depreciable capital assets, net	<u>4,345,659</u>	<u>(106,797)</u>	<u>-</u>	<u>4,238,862</u>
Total capital assets, net	<u>\$4,638,670</u>	<u>\$ 83,780</u>	<u>\$ 144,037</u>	<u>\$4,578,413</u>

Depreciation expense for the year ended June 30, 2019 charged to general government, public safety, and highways and streets functions was \$21,645, \$68,432, and \$267,439, respectively.

NOTE 6 - LONG-TERM DEBT

Long-term debt obligations for the primary government's governmental activities at June 30, 2019 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Net pension obligations	\$186,970	\$ 18,739	\$ 20,240	\$185,469	\$ -
Capital lease obligations	88,443	-	31,412	57,031	32,715
Accrued compensated absences	7,708	-	6,646	1,062	625
Total	<u>\$283,121</u>	<u>\$ 18,739</u>	<u>\$ 58,298</u>	<u>\$243,562</u>	<u>\$ 33,340</u>

Debt Service Requirements to Maturity

The annual debt service requirements to amortize outstanding long-term debt of the primary government's governmental-type activities at June 30, 2019 are as follows:

Maturity	Capital Leases		
	Principal	Interest	Total
2019	\$ 32,715	\$ 2,495	\$ 35,210
2020	11,952	838	12,790
2021	12,364	426	12,790
Totals	<u>\$ 57,031</u>	<u>\$ 3,759</u>	<u>\$ 60,790</u>

NOTE 7 - CONTINGENCIES

Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or the past three years.

Engineering Contracts

At June 30, 2019, the City had outstanding commitments from construction contracts in progress of \$317,430 and approximately \$127,384 related to architecture contracts.

(Continued)

NOTE 7 - CONTINGENCIES (CONTINUED)

Grants

The City receives federal, state, and local grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of City management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

Lawsuits

The City is involved in various lawsuits arising in the normal course of business.

In November 2014, a judgment against the City resulted in a refund of sales taxes of approximately \$233,900, including interest and legal expenses incurred by plaintiff. As of June 30, 2019, \$117,421 was refunded by the City resulting in \$116,478 remaining to be paid in the next fiscal year.

Other Matters

The City is currently working with the Louisiana Legislative Auditor's office regarding an investigation related to certain financial records of the City. The current status of the investigation is not completed as of the audit report date. The effect of the investigation on the financial statements is not known.

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS

Animal Control Services Agreement

The City has a contractual arrangement whereby the Parish agrees to provide the services of the Parish's Animal Control Department to the City based on an annual fee. For 2019, the City will pay the Parish \$114,440 annually, or \$9,537 per month.

City Operations Services Agreement

The City entered into an agreement with Institute for Building Technology and Safety (IBTS) to provide management and operational services for City operations. In consideration for the service provided by IBTS under the new contract, the City will pay a base compensation for the remaining four years as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 4,252,962
2021	4,380,551
2022	4,511,967
2023	4,647,326

NOTE 8 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

City Operations Services Agreement (continued)

The City will compensate IBTS 100% of building permit fees for completed permits up to \$200,000 in a given year. If permit fees collected in a given year are greater than \$200,000, IBTS will refund the City 10% of the permit fees collected. Additionally, the City will pay drainage maintenance fees of \$28,123 and \$21,425 per mile for excavation and cleaning, respectively.

NOTE 9 - PENSION PLAN

Substantially all employees of the City can elect to be members of the Municipal Employees' Retirement System of Louisiana ("System"), Plan A, a cost sharing, multiple-employer defined benefit pension plan administered by a board of trustees.

Pertinent information relative to the plan is as follows:

Plan Description

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the Plan's year ended June 30, 2018, there were 86 contributing municipalities in Plan A.

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2018. Access to the report can be found on System's website, www.mersla.com, or the Louisiana Legislative Auditor's website, www.lla.la.gov.

Funding Policy

Plan members are required by state statute to contribute 9.50 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 26 percent of annual payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contribution to the System under Plan A for the years ended June 30, 2019, 2018 and 2017 was \$20,257, \$20,240 and \$18,464, respectively.

NOTE 9 - PENSION PLAN (CONTINUED)

Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources

At June 30, 2019, the City reported a net pension liability of \$185,469 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Based on the actuarial valuation as of June 30, 2018, the City's proportion was 0.044792%, which was an increase of 0.0001% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$28,582.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (6,594)
Changes of assumptions	5,583	-
Net difference between projected and actual earnings on pension plan investments	28,421	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	225	(4,618)
Differences between allocated and actual contributions	-	(21)
Employer contributions subsequent to the measurement date	20,257	-
	<u>\$ 54,486</u>	<u>\$ (11,233)</u>

The City reported \$20,257 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 9 - PENSION PLAN (CONTINUED)

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources
(continued)**

Year	MERS
2019	\$ 10,928
2020	8,752
2021	2,505
2022	811
	\$ 22,996

Actuarial Assumptions

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years (2017 and 2016)
Investment Rate of Return	7.275%, net of investment expense
Mortality	RP-2000 Healthy Annuitant Sex Distinct (set forward 2 years for males and 1 year females) RP-2000 Employees Sex Distinct (set back 2 years for males and for females) RP-2000 Disabled Lives Mortality Table for annuitants (set back 5 years for males and 3 years for females)
Salary Increases	5.0% (2.6% Inflation, 2.4% Merit)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

NOTE 9 - PENSION PLAN (CONTINUED)

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources
(continued)**

Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an experience study for the period July 2009 through June 2014.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Discount Rate

The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the employer's proportionate share of the net pension liability using the discount rate of 7.275%, as well as the employer's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the rate as of June 30, 2018:

(Continued)

NOTE 9 - PENSION PLAN (CONTINUED)

Sensitivity to Changes in Discount Rate (Continued)

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Discount Rates	6.275%	7.275%	8.275%
Share of Net Pension Liability	\$ 238,252	\$ 185,469	\$ 140,417

NOTE 10 - NET POSITION AND GOVERNMENTAL FUND BALANCES

Restricted Net Position and Fund Balance

Details of restricted net position and governmental fund balance as reported in the government-wide Statement of Net Position and governmental funds' Balance Sheets, are as follows:

	<u>Amount</u>
Net assets/fund balance restricted for:	
Capital projects and maintenance:	
Restricted sales tax for construction	\$ 7,616,899
Restricted sales tax for rehabilitation	2,123,816
Restricted sales tax for beautification	357,675
MoveBR:	
Restricted for road construction and maintenance	<u>326,395</u>
Total restricted net position/fund balance	<u>\$ 10,424,785</u>

Committed Fund Balance

Details of committed fund balance as reported in the governmental funds' Balance Sheets are as follows:

	<u>Amount</u>
Fund balance committed for:	
Operating reserve	\$ 5,076,945
Emergency, repairs and maintenance:	
Dedicated franchise tax for emergency	4,251,821
Dedicated franchise tax for drainage	59,831
Dedicated franchise tax for road maintenance	3,380,438
Capital outlay and improvements	<u>804,057</u>
Total committed fund balance	<u>\$ 13,573,092</u>

NOTE 11 - COUNCIL MEMBER COMPENSATION

During the year ended June 30, 2019, Council members received compensation, including per diem payments, as follows:

<u>Council Members - term ending December 31, 2018</u>	<u>Amount</u>
Jason Ellis	\$ 4,800
Shane Evans	4,800
Kim Fralick	4,800
Wayne Messina	4,800
John Vance	4,800
<u>Council Members - term beginning January 1, 2019</u>	
Wade Evans	4,800
Dave Freneaux	4,800
Aaron K. McKinney	4,800
Aaron L. Moak	4,800
Briton J. Myer	4,800
Joshua D. Roy	4,800
D'Ann Wells	4,800
Total	<u>\$ 57,600</u>

The City's council membership expanded from five to seven members effective January 1, 2019.

NOTE 12 - PRIOR PERIOD ADJUSTMENT

Fund Financial Statements

A prior period adjustment was recorded to recognize a liability on the governmental fund balance sheets for a sales tax refund that was paid with current financial resources during the 2019 fiscal year. This amount was previously recognized on the government wide statement of net position and activities; however, this amount was improperly excluded on the governmental fund balance sheets when the liability amount was measurable and became due.

	<u>General Fund</u>	<u>Half Cent Fund</u>
Fund balance, previously stated at June 30, 2018	\$ 20,154,398	\$ 6,909,170
To recognize sales tax refund payable	<u>(93,937)</u>	<u>(23,484)</u>
Fund balance, restated at June 30, 2018	<u>\$ 20,060,461</u>	<u>\$ 6,885,686</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CENTRAL, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Sales and use taxes	\$ 7,218,784	\$ 7,217,014	\$ 7,177,771	\$ (39,243)
Charges for services	1,119,388	991,220	934,943	(56,277)
Intergovernmental grants and contributions	-	32,264	22,727	(9,537)
Investment income	50,263	336,496	363,993	27,497
Total revenues	<u>8,388,435</u>	<u>8,576,994</u>	<u>8,499,434</u>	<u>(77,560)</u>
EXPENDITURES				
Current function:				
General government	1,012,501	724,009	702,975	21,034
Health and welfare	114,440	114,455	114,440	15
Public works	4,987,544	4,739,075	4,740,855	(1,780)
Public safety - police	656,592	603,604	596,586	7,018
Debt service	37,000	37,000	36,308	692
Capital outlay	65,481	99,267	74,467	24,800
Total expenditures	<u>6,873,558</u>	<u>6,317,410</u>	<u>6,265,631</u>	<u>51,779</u>
Excess of revenues over expenditures	1,514,877	2,259,584	2,233,803	(25,781)
OTHER FINANCING USES				
Transfers in	-	12,423	12,423	-
Transfers out	-	(859,417)	(859,417)	-
Total other financing uses	<u>-</u>	<u>(846,994)</u>	<u>(846,994)</u>	<u>-</u>
Net change in fund balance	<u>\$ 1,514,877</u>	<u>\$ 1,412,590</u>	1,386,809	<u>\$ (25,781)</u>
FUND BALANCE				
Beginning of year, restated			<u>20,060,461</u>	
End of year			<u>\$ 21,447,270</u>	

CITY OF CENTRAL, LOUISIANA
ESDRIM FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Franchise taxes	\$ 1,697,368	\$ 1,644,300	\$ 1,646,543	\$ 2,243
Investment income	46,843	221,420	256,630	35,210
Total revenues	<u>1,744,211</u>	<u>1,865,720</u>	<u>1,903,173</u>	<u>37,453</u>
EXPENDITURES				
Current function:				
Public works	454,843	687,000	641,265	45,735
Excess of revenues over expenditures	1,289,368	1,178,720	1,261,908	83,188
OTHER FINANCING USES				
Transfers out	-	(606,963)	(606,963)	-
Net change in fund balance	<u>\$ 1,289,368</u>	<u>\$ 571,757</u>	654,945	<u>\$ 83,188</u>
FUND BALANCE				
Beginning of year			<u>7,037,145</u>	
End of year			<u>\$ 7,692,090</u>	

CITY OF CENTRAL, LOUISIANA
HALF CENT SALES TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Sales and use taxes	\$ 1,354,013	\$ 1,348,625	\$ 1,325,920	\$ (22,705)
Investment income	<u>39,893</u>	<u>186,765</u>	<u>202,341</u>	<u>15,576</u>
Total revenues	<u>1,393,906</u>	<u>1,535,390</u>	<u>1,528,261</u>	<u>(7,129)</u>
EXPENDITURES				
Current function:				
Highways and streets	<u>25,439</u>	<u>22,050</u>	<u>22,021</u>	<u>29</u>
Excess of revenues over expenditures	1,368,467	1,513,340	1,506,240	(7,100)
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(438,910)</u>	<u>(438,910)</u>	<u>-</u>
Net change in fund balance	<u>\$ 1,368,467</u>	<u>\$ 1,074,430</u>	1,067,330	<u>\$ (7,100)</u>
FUND BALANCE				
Beginning of year, restated			<u>6,885,686</u>	
End of year			<u>\$ 7,953,016</u>	

**CITY OF CENTRAL, LOUISIANA
MOVEBR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Sales and use taxes	\$ -	\$ 420,000	\$ 328,803	\$ (91,197)
EXPENDITURES				
Current function:				
Highways and streets	-	4,526	2,408	2,118
Net change in fund balance	<u>\$ -</u>	<u>\$ 415,474</u>	326,395	<u>\$ (89,079)</u>
FUND BALANCE				
Beginning of year			<u>-</u>	
End of year			<u>\$ 326,395</u>	

**CITY OF CENTRAL, LOUISIANA
TRAFFIC CONTRIBUTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Charges for services	\$ 14,200	\$ 14,000	\$ 14,000	\$ -
Net change in fund balance	<u>\$ 14,200</u>	<u>\$ 14,000</u>	14,000	<u>\$ -</u>
FUND BALANCE				
Beginning of year			<u>205,812</u>	
End of year			<u>\$ 219,812</u>	

CITY OF CENTRAL, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE
OF NET PENSION LIABILITY

LAST TEN FISCAL YEARS (1)

For the year ended June 30, 2019

Municipal Employees' Retirement System (MERS):

As of the fiscal year ended (2):	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.04479%	0.04469%	0.04910%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 185,469	\$ 186,970	\$ 201,251
Employer's Covered-Employee Payroll	81,776	81,164	87,712
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	227%	230%	229%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64%	63%	63%
As of the fiscal year ended (2):	<u>2016</u>	<u>2015</u>	
Employer's Proportion of the Net Pension Liability (Asset)	0.08222%	0.00349%	
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 293,692	\$ 89,646	
Employer's Covered-Employee Payroll	136,065	136,065	
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	216%	66%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66%	74%	

(1) Schedule is intended to show information for 10 years. Additional years will be presented as available.

(2) The amounts presented have a measurement date of MERS's prior June 30th fiscal year end.

CITY OF CENTRAL, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

For the year ended June 30, 2019

Municipal Employees' Retirement System (MERS):

<u>As of the fiscal year ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
6/30/2019	\$ 20,257	\$ 20,257	\$ -	\$ 78,230	25.89%
6/30/2018	20,240	20,240	-	81,776	24.75%
6/30/2017	18,464	18,464	-	81,164	22.75%
6/30/2016	17,323	17,323	-	87,712	19.75%
6/30/2015	26,873	26,873	-	136,065	19.75%

(1) Schedule is intended to show information for 10 years. Additional years will be presented as available.

CITY OF CENTRAL, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2019

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal period. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget.

The General Fund annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures in the subsequent period. Such designations represent the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

Basis of Accounting

All of the City's funds' budgets are prepared on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended June 30, 2019. The City's basis of budgetary accounting follows generally accepted accounting principles.

NOTE 2 - NET PENSION LIABILITY FOR MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Changes of Benefit Terms

No changes.

Changes of Assumptions

The discount rate decreased from 7.40% to 7.28%. Additionally, the inflation rate decreased from 2.8% to 2.6%.

SUPPLEMENTARY INFORMATION

CITY OF CENTRAL, LOUISIANA
CAPITAL OUTLAY AND IMPROVEMENT FUND - MAJOR FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Intergovernmental grants	\$ 512,825	\$ 98,793	\$ 187,823	\$ 89,030
EXPENDITURES				
Current function:				
Public works	1,852,116	2,231,124	2,052,322	178,802
Capital outlay	1,061,182	194,400	163,918	30,482
Total expenditures	2,913,298	2,425,524	2,216,240	209,284
Deficiency of expenditures over revenues	(2,400,473)	(2,326,731)	(2,028,417)	298,314
OTHER FINANCING SOURCES				
Transfers in	-	1,893,067	1,892,867	(200)
Net change in fund balance	\$ (2,400,473)	\$ (433,664)	(135,550)	\$ 298,114
FUND BALANCE				
Beginning of year			3,084,981	
End of year			\$ 2,949,431	

**CITY OF CENTRAL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended June 30, 2019

Agency Head: David Barrow, Mayor (January 1, 2019 - June 30, 2019)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 27,500
Benefits - retirement	7,150
Continuing professional education fees	100
Dues	3,800
Fuel	878
	<u>\$ 39,428</u>

Agency Head: I.M. Shelton, Jr., Mayor (July 1, 2018 - December 31, 2018)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 27,500
Benefits - retirement	7,093
Conference travel	1,039
Dues	1,890
	<u>\$ 37,522</u>

REPORT ON INTERNAL CONTROL AND COMPLIANCE

CITY OF CENTRAL, LOUISIANA

For the year ended June 30, 2019



INDEPENDENT AUDITORS' 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*

The Honorable Mayor and
Members of the City Council,
City of Central, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the **CITY OF CENTRAL, LOUISIANA (CITY)** as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 18, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

This report is intended solely for the information and use of the City Council and management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 18, 2019

**CITY OF CENTRAL, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended June 30, 2019

1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) Significant deficiency in internal control were disclosed by the audit of financial statements:
None.

Material weaknesses: **None.**
- C) Noncompliance that is material to the financial statements: **None.**
- D) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**

2) Findings – Financial Statement Audit

None.

**CITY OF CENTRAL, LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES**

For the year ended June 30, 2018

There were no prior year findings.

CITY OF CENTRAL, LOUISIANA

AGREED-UPON PROCEDURES REPORT

June 30, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Members of the City Council
of the City of Central and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Central (The City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted in the prior year report dated December 21, 2018. Therefore, the above procedures, Steps 4-7, were not performed for the year ended June 30, 2019.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were noted in the prior year report dated December 21, 2018. Therefore, the above procedures, Steps 8-10, were not performed for the year ended June 30, 2019.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Travel and Travel-Related Expense Reimbursements

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted in the prior year report dated December 29, 2017. Therefore, the above procedure, Step 14, was not performed for the years ended June 30, 2018 or 2019.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted in the prior year report dated December 29, 2017. Therefore, the above procedure, Step 15, was not performed for the years ended June 30, 2018 or 2019.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions were noted in the prior year report dated December 29, 2017. Therefore, the above procedures, Steps 16-19, were not performed for the years ended June 30, 2018 or 2019.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No exceptions were noted in the prior year report dated December 29, 2017. Therefore, the above procedure, Step 20, was not performed for the years ended June 30, 2018 or 2019.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were noted in the prior year report dated December 29, 2017. Therefore, the above procedures, Steps 21-22, were not performed for the years ended June 30, 2018 or 2019.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted in the prior year report dated December 29, 2017. Therefore, the above procedures, Steps 23-24, were not performed for the years ended June 30, 2018 or 2019.

**CITY OF CENTRAL
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Reference	Description of Exception
<i>Written Policies and Procedures</i> Procedure 1(k)	The City has not established a policy for Disaster Recovery/Business Continuity.

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

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, LA
December 18, 2019