

CITY OF BOGALUSA, LOUISIANA

*Primary Government Basic Financial
Statements, Independent Auditor's Reports, and
Supplemental Information*

Year Ended December 31, 2020

**City of Bogalusa, Louisiana
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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bogalusa Louisiana (the City), as of and for the year ended December 31, 2020, 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 includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's discretely presented component units as described in Note 1 to the financial statements. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of this departure from accounting principles generally accepted in the United States of America, on the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the City as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bogalusa, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 15 to the financial statements, the City's total net pension liability for governmental and business-type activities was approximately \$23.7 million at June 30, 2020, as determined by each of the four pension plans in which the City participates of which \$14.4 million of this net liability is from the City of Bogalusa Employee's Retirement System which is 23.82% funded requiring the City to continue to evaluate how to provide additional funding. The related actuarial valuations that determined the net pension liabilities were performed by each of the pension systems' actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at December 31, 2020, could be under or overstated. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the Proportionate Share of the Net Pension Liability for the Retirement Systems, the Schedule of Employers' Contributions to each Retirement System, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Single Employer Plan Contributions, the Budgetary Comparison Schedules, and the related notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bogalusa's basic financial statements as a whole. The combining, non-major fund financial statements, the Schedule of Compensation, Benefits and Other Payments to the Agency Head (compensation schedule), the Justice System Funding Schedule – Collecting / Disbursing Entity, and the Justice System Funding Schedule – Receiving Entity and information required by debt agreements are presented for purposes of additional analysis are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The combining non-major fund financial statements, the compensation schedule, the justice system funding schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information, described in this paragraph, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The information required by debt agreements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2021, on my consideration of the City of Bogalusa, Louisiana's internal control over financial reporting and on my 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 my 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.



Bogalusa, Louisiana
September 30, 2021

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

The Management Discussion and Analysis (MD&A) offers the readers of the City of Bogalusa's financial statements a narrative overview of the financial activities of the City of Bogalusa for the fiscal year ended December 31, 2020 and 2019. The City's financial performance is discussed and analyzed in correlation with the accompanying statements and disclosures following this section.

The reader is urged to continue on past the MD&A and review other important sections of this financial report, including footnotes, Required Supplemental Information (RSI), and other supplemental information.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bogalusa exceeded its liabilities, deferred outflows and deferred inflows at the close of 2020 by \$22.11 million (total net position). Unrestricted net position is in a deficit position of \$23.37 million. This deficit position is the result of the City's non-capital related liabilities exceeding unrestricted assets. A major contributing factor to this unfavorable financial position is the balance of the City's net pension liability on the City's participation in various pension plans. Two accounting standards, GASB 68 and GASB 71, requires the proportionate share of the net pension liability for each cost sharing plan and the total City of Bogalusa Employees' Retirement System's (COBERS) net pension liability to be recorded on the City's financials. The total of this liability at December 31, 2020 is \$23.70 million.
- During the year, expenses for governmental activities amounted to \$12.77 million. These expenses were paid from revenues of approximately \$17.19 million, consisting of \$10.68 million generated from taxes, \$4.9 million generated from other revenues for governmental programs, \$5.93 million generated from charges for services and grants and contributions, and \$0.09 million generated from transfers from business-type activities.
- In the City's business-type activities, expenses amounted to approximately \$3.60 million and transfers out to governmental activities of \$.09 million. These expenses were paid from revenues of \$3.85 million for service charges and \$1.21 million for tax revenues and \$.14 million in miscellaneous income.
- At the close of the fiscal year, the City of Bogalusa's governmental funds reported combined ending fund balances of \$4.99 million, an increase of approximately \$.97 million. This combined fund balance is largely attributable to amounts received from coronavirus relief funds and other federal and dedicated tax funds. Most of these governmental fund balances, except that for the general fund, are restricted as to their use. Business-type funds reported \$12.12 million in total net position (largely including capital assets which are non-spendable) for the close of the fiscal year, or an increase of approximately \$1.51 million.
- The general fund reported a fund balance of \$2,640,546 as of the end of the fiscal year. This is an increase of \$2,273,120 over the prior year fund balance of \$367,426. The increase in fund balance was due to an increase in revenue and other sources of \$2,706,673 offset by an increase in expenditures and other uses of \$145,622 which nets to an increase in change in fund balance of \$2,561,051. The net increase was mainly due to the City receiving \$2,706,975 in federal grants from the Coronavirus Relief Fund that was recognized in the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, a section that presents combining statements for non-major governmental funds, and a section that presents schedules required by state laws or debt requirements. The basic financial statements include two kinds of statements that present different views of the City:

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

Government-wide Statements

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between the assets, deferred outflows, liabilities, and deferred inflows is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as balances of available resources that can be used to meet the City's ongoing obligations at the close of the year. Such information may be useful in evaluating the City's near-term financing requirements.

The City uses fifteen *governmental funds*. There are two major governmental funds, which have separately presented information in the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, and the Industrial Complex Sales Tax Fund. The thirteen non-major funds are presented in the aggregate in the governmental fund financial statements. Individual fund financial information is presented in the combining statements found in the Supplemental Information.

The City has one *proprietary type fund*. Proprietary type funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's proprietary type fund is considered to be an enterprise fund, since the costs of activities are paid for by the customer user fees. The enterprise fund accounts for its Utilities System operations, which provides water, sewer, and garbage collection services.

Fiduciary type fund statements provide financial information on funds for which the City acts as a trustee or agent for the benefit of others, such as the City of Bogalusa Employees' Retirement System.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information (Budgetary Comparison Schedules, and the Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios, Employee Contributions for the City of Bogalusa Employees' Retirement System and other schedules for Statewide cost sharing pension plan schedules and OPEB), as well as supplemental information presented in the form of combining statements of individual fund financial information, detailed Budgetary Comparison Schedules for the major funds, the Compensation Schedule, the Justice System Funding Schedules, Schedule of Insurance In-force, Public Utility System Operations, and the Schedule of Expenditures of Federal Awards.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City reported combined net position at the end of fiscal year 2020 in the amount of \$22,108,455, an increase of \$5,921,374 when compared to the 2019 net position of \$16,187,081. The schedule of net position below indicates net position for both governmental activities and business-type activities, and combines them into total primary government columns.

	Schedule of Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6.98	\$ 6.31	\$ 1.61	\$ 1.13	\$ 8.59	\$ 7.44
Capital assets	28.65	30.15	16.73	16.48	45.38	46.63
Total assets	35.63	36.46	18.34	17.61	53.97	54.07
Deferred outflows of resources	5.47	3.20	0.13	0.21	5.60	3.41
Long-term liabilities	23.66	28.67	5.01	6.29	28.67	34.96
Other liabilities	1.92	2.22	0.38	0.42	2.30	2.64
Total liabilities	25.58	30.89	5.39	6.71	30.97	37.60
Deferred inflows of resources	5.53	3.20	0.96	0.50	6.49	3.70
Net position						
Net investment in capital assets	28.22	29.52	14.45	14.00	42.67	43.52
Restricted	2.40	3.73	0.41	0.40	2.81	4.13
Unrestricted	(20.63)	(27.68)	(2.74)	(3.79)	(23.37)	(31.47)
Total net position	\$ 9.99	\$ 5.57	\$ 12.12	\$ 10.61	\$ 22.11	\$ 16.18

The largest portion of the City of Bogalusa's net position (193%) reflects net investment in capital assets (e.g. land, buildings, improvements, streets, bridges, equipment, vehicles, utility systems, and furniture and fixtures), less any related debt or deferred inflows used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending. It should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Bogalusa's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position (-106%) represents a deficit that is a result of pension system debt and other liabilities exceeding assets available to pay those liabilities.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

Changes in net position

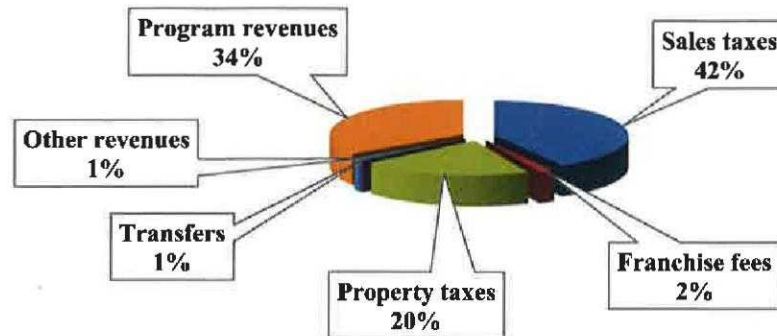
The City's total revenue and expenses for governmental and business-type activities are reflected in the following chart:

	Changes in Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1.14	\$ 1.19	\$ 3.85	\$ 4.07	\$ 4.99	\$ 5.26
Oper. grants & contrib.	3.62	0.68	-	-	3.62	0.68
Capital grants & contrib.	1.17	0.03	-	0.03	1.17	0.06
General revenues:						
Property and other taxes	3.53	3.35	0.23	0.22	3.76	3.57
Sales taxes	7.15	6.91	0.98	0.94	8.13	7.85
Franchise fees	0.33	0.33	-	-	0.33	0.33
Unrestricted interest	-	0.01	0.02	0.02	0.02	0.03
Miscellaneous	0.16	0.26	0.12	0.12	0.28	0.38
Net loss on dissolution of joint venture	-	(0.14)	-	-	-	(0.14)
Transfers	0.09	1.66	(0.09)	(1.68)	-	(0.02)
Total revenues	17.19	14.28	5.11	3.72	22.30	18.00
Expenses:						
General government	1.30	2.82	-	-	1.30	2.82
Public safety	7.00	6.58	-	-	7.00	6.58
Public works	2.61	2.77	-	-	2.61	2.77
Landfill	0.29	0.38	-	-	0.29	0.38
Culture & recreation	0.34	0.37	-	-	0.34	0.37
Economic development	0.58	0.63	-	-	0.58	0.63
Airport	0.62	0.53	-	-	0.62	0.53
Interest and costs on long term debt	0.03	0.03	-	-	0.03	0.03
Water, sewer, & garbage	-	-	3.60	3.66	3.60	3.66
Total expenses	\$ 12.77	\$ 14.11	\$ 3.60	\$ 3.66	\$ 16.37	\$ 17.77
Change in net position	4.42	0.17	1.51	0.06	5.93	0.23
Net position, beginning	5.57	5.40	10.61	10.53	16.18	15.93
Net position, ending	\$ 9.99	\$ 5.57	\$ 12.12	\$ 10.59	\$ 22.11	\$ 16.16

The City's net position within its governmental activities increased by \$4,417,501 because of revenues exceeding expenses for the year. Governmental revenue increased by \$2,911,034 as a result of an increase in grants and contributions. The City's grants and contributions increased by approximately \$4,083,000 in governmental activities due to the City receiving a federal grant from coronavirus relief funds. Expenses in the governmental activities decreased by \$1,336,216 primarily as a result the net pension liability adjustments and associated deferrals. The City's ending net position within its business-type activities increased by \$1,503,873. On a combined basis, the City's increase in net position, or net gain, was \$5,921,374.

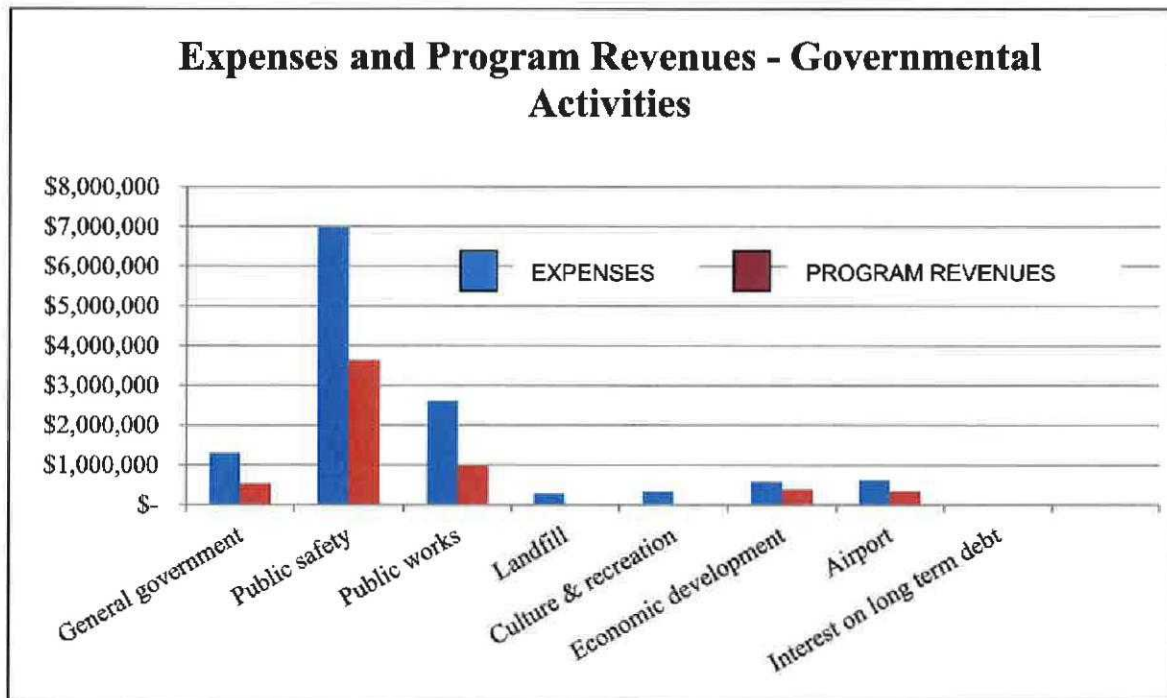
CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

Revenues by Source - Governmental Activities



Revenues for the City's governmental activities for the year ended December 31, 2020 were \$17,188,731. Sales tax and property tax revenues are the largest components of revenues (62%). Sales taxes represent approximately 42% of recurring government activity revenue, exclusive of transfers in, and totaled \$7,150,079 for 2020, an increase of 3.5% when compared to 2019.

The cost of all governmental activities in 2020 was \$12,771,230, compared to \$14,107,446 in 2019, a decrease of 9.5% from the prior.

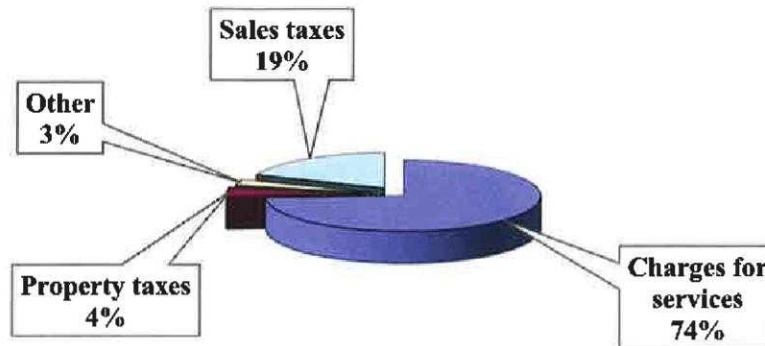


The graph above shows the City's eight primary governmental activities in 2020, as well as long-term debt interest, compared to program-generated revenues covering those expenses. General revenues, such as taxes, cover the remaining costs.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

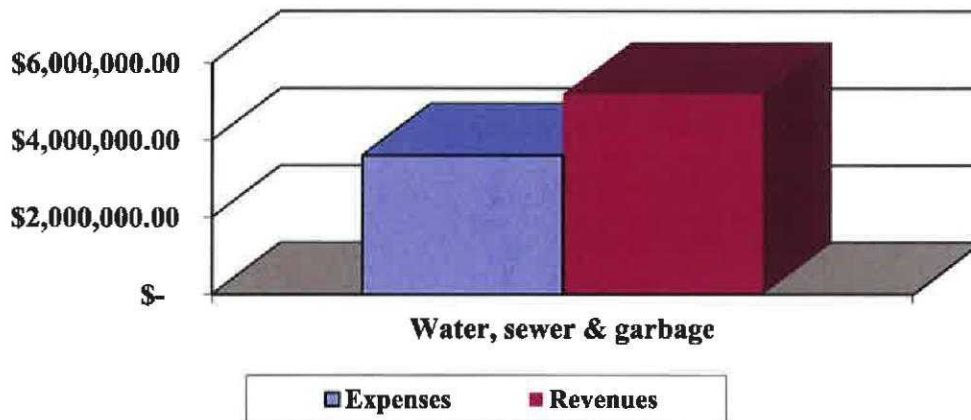
The following graph indicates business-type activities revenues by source:

Revenues by Source - Business-type Activities



Revenues for the City's business-type activities for the year ended December 31, 2020 were \$5,196,685. User fees are by far the largest source of revenue (74%) for the City's utility system and garbage collections. Sales tax revenue (19%) is largely dedicated to the payment of long-term debt incurred on the sewer system upgrade. The City's utility system business-type activities are related to water, sewer, and garbage collection activities.

Expenses and Revenues - Business-type Activities



The above graph reveals that the utility system fully supports itself. Of the revenues generated from the utility system, the City was able to net transfer \$88,777 from the business-type activities to subsidize the governmental activities.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended December 31, 2020, the City reported combined fund balances in *governmental funds* of approximately \$4.99 million, an increase of \$.97 million from 2019. The General Fund reported a fund balance of approximately \$2.6 million at December 31, 2020, which represents an increase in the fund balance of approximately \$2.3 million from 2019. The increase in the fund is primarily due to the City receiving Coronavirus Relief Funds in 2020 that did not occur in 2019. The General Fund is the City's primary operating fund.

The smallest fund balance, \$68, is reported in the Industrial Complex Sales Tax Fund. This fund experienced a \$2.02 million decrease from 2019 primarily due to contributions paid to the City's retirement system as a result of a sales tax rededication passed by the City voters which authorized the transfer of the accumulated fund balance. The landfill and other governmental funds report aggregate fund balances of approximately \$2.35 million, an increase of \$0.71 million over 2019. The balances within the Industrial Complex Sales Tax Fund and the other governmental funds are, with minor exceptions, restricted as to use and cannot be used to fund general operations.

The *Proprietary Fund (the Utility System)* reported an increase in net position, resulting from revenues exceeding expenses and transfers by \$1.50 million. This bottom-line net gain for the System included \$.96 million of depreciation expense and net transfers out of \$0.09 million, and therefore, the utility system's net income before depreciation and transfers was \$1.41 million, a positive financial indicator.

General Fund Budgetary Highlights

During the fiscal year, the 2020 budget was revised to reflect an anticipated increase in revenues and an increase in expenditures. Actual results for 2020 showed revenues and transfers-in were less than the final budget by \$43,355. Actual expenditures and transfers out were \$142,755 less than budgeted.

The General Fund operated at a surplus (or net change in fund balance) of \$2,273,120 for 2020. When this positive fund balance is added to the fund balance of \$367,426 at the beginning of the year, the resulting general fund balance resulted in a surplus at December 31, 2020 was \$2,640,546.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the City had invested \$45.38 million (net of depreciation) in a broad range of capital assets, including police, fire, and public works equipment, buildings, park facilities and road, sewer and water system infrastructures. The following table represents capital assets at December 31, 2020, at cost less accumulated depreciation:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<u>COST</u>						
Land	\$ 1,887,765	\$ 1,887,765	\$ -	\$ -	\$ 1,887,765	\$ 1,887,765
Buildings	22,405,255	22,348,005	10,468,398	10,468,398	32,873,653	32,816,403
Equipment	5,629,948	5,506,438	441,835	441,835	6,071,783	5,948,273
Infrastructure	32,375,162	32,375,162	14,297,394	14,197,116	46,672,556	46,572,278
Improvements	-	-	19,494,255	18,307,443	19,494,255	18,307,443
Other	146,611	-	-	67,600	146,611	67,600
	<u>\$62,444,741</u>	<u>\$62,117,370</u>	<u>\$ 44,701,882</u>	<u>\$43,482,392</u>	<u>\$ 107,146,623</u>	<u>\$ 105,599,762</u>

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(UNAUDITED)

ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Buildings	\$ 13,068,737	\$ 12,528,546	\$ 8,678,926	\$ 8,570,662	\$ 21,747,663	\$ 21,099,208
Equipment	4,498,723	4,100,707	409,297	395,608	4,908,020	4,496,315
Infrastructure	16,223,977	15,334,519	11,195,832	10,886,105	27,419,809	26,220,624
Improvements	-	-	7,686,603	7,153,855	7,686,603	7,153,855
	<u>\$ 33,791,437</u>	<u>\$ 31,963,772</u>	<u>\$ 27,970,658</u>	<u>\$ 27,006,230</u>	<u>\$ 61,762,095</u>	<u>\$ 58,970,002</u>
Capital						
Assets, net	<u>\$ 28,653,304</u>	<u>\$ 30,153,598</u>	<u>\$ 16,731,224</u>	<u>\$ 16,476,162</u>	<u>\$ 45,384,528</u>	<u>\$ 46,629,760</u>

In *governmental activities* the City reported a \$1,500,294 decrease in net capital assets when compared to 2019. The decrease is due to depreciation expense during 2020 exceeding capital cost of projects and equipment costs. *Business-type activities* of the City reported a net increase of \$255,062 in net capital assets compared to 2020, as a result of capital additions exceeding depreciation expense.

Long-Term Debt

At the end of the fiscal year 2020, the City had \$23,658,488 in outstanding long term debt and other long-term liabilities, including notes and bonds payable, net pension liability, claims payable and accrued vacation and sick leave for its governmental activities. The outstanding notes and bonds payable are backed by the full faith and credit of the City of Bogalusa.

The City had \$5,008,335 outstanding in revenue bonds, certificates of indebtedness, net pension liability, claims payable, and compensated absences payable, in its business-type activities. The revenue bonds are backed solely by the revenue streams dedicated to payment of those bonds.

The net pension liability decreased by \$5,792,865 bringing the total net pension liability to \$23,704,867 as a result of contributions to the four retirement systems in which the City participates. This liability remains the most significant obligation of the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While the economic outlook looks stable for the nation as a whole for 2020, older and rural communities such as the City of Bogalusa face enormous challenges due to an aging and declining population and a stagnant tax base. The Coronavirus Pandemic or COVID-19 and associated mitigation efforts to slow the virus spreading has resulted in uncertainty on revenue estimates. The City will also apply for available federal and state grants to assist with COVID-19 mitigation and recovery efforts.

In the midst of these challenges, the 2021 budget was prepared using reasonable estimates for revenues and anticipated expenditures. Sales taxes, the City's main revenue source, are expected to continue to increase. Expenditures are expected to decrease due to implementation of cost cutting measures in an attempt to improve the City's financial condition.

In February 2019, the Louisiana Fiscal Review Committee voted to place the City under fiscal administration in accordance with Louisiana Revised Statute 39:1351. In May 2019, the Court appointed the City's fiscal administrator who was recommended by the Louisiana Legislative Auditor and Attorney General. The objective of the fiscal administration process is to make operational changes so that long term fiscal stability can be achieved. The fiscal administration is expected to continue during 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, grantors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions concerning this report or need additional financial information, contact Stacy Smith at the City of Bogalusa's Administrative offices, located in City Hall at 202 Arkansas Avenue, Bogalusa, LA 70427.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 3,869,586	\$ 390,855	\$ 4,260,441
Property taxes receivable	2,141,211	144,380	2,285,591
Accounts receivable (net)	968,590	674,527	1,643,117
Internal Balances	(123)	123	-
Inventory	5,315	-	5,315
Restricted assets:			
Cash and cash equivalents	-	405,087	405,087
Capital assets:			
Land and construction in progress	2,034,376	-	2,034,376
Depreciable capital assets, net	26,618,928	16,731,224	43,350,152
TOTAL ASSETS	35,637,883	18,346,196	53,984,079
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred pension contributions	3,318,188	43,426	3,361,614
Deferred amounts related to net pension liability	2,060,018	82,973	2,142,991
Deferred amounts related to post employment liability	87,530	-	87,530
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,465,736	126,399	5,592,135
<u>LIABILITIES:</u>			
Accounts payable	1,601,482	159,754	1,761,236
Accrued expenses	219,680	224,106	443,786
Certificates of indebtedness	100,000	-	100,000
Long-term liabilities:			
Due within one year	334,000	202,000	536,000
Due beyond one year	1,812,184	2,211,540	4,023,724
Total other post-employment benefit (OPEB) liability			
Due within one year	14,510	-	14,510
Due beyond one year	387,722	-	387,722
Net pension liability	21,110,072	2,594,795	23,704,867
TOTAL LIABILITIES	25,579,650	5,392,195	30,971,845
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred amounts related to net pension liability	5,466,016	961,794	6,427,810
Deferred amounts related to total OPEB liability	68,104	-	68,104
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,534,120	961,794	6,495,914
<u>NET POSITION:</u>			
Net investment in capital assets	28,218,304	14,449,224	42,667,528
Restricted for:			
Debt service	321,742	405,087	726,829
Industrial Complex	68	-	68
Capital projects	615,937	-	615,937
Maintenance	508,679	-	508,679
Special programs	949,116	-	949,116
Unrestricted	(20,623,997)	(2,735,705)	(23,359,702)
TOTAL NET POSITION	\$ 9,989,849	\$ 12,118,606	\$ 22,108,455

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Primary Government			Net (Expense) Revenue and Changes in Net Position		
	Program Revenues					
	Fees, Fines, and	Grants and		Governmental	Business-type	
	Charges for	Contributions		Activities	Activities	Total
	Expenses	Services				
Function/Programs						
Primary Government						
Governmental:						
General government	\$ 1,301,932	\$ 489,789	\$ 49,641	\$ (762,502)	\$ -	\$ (762,502)
Public safety	6,999,744	248,336	3,396,813	(3,354,595)	-	(3,354,595)
Public works	2,614,055	-	998,115	(1,615,940)	-	(1,615,940)
Landfill	287,294	-	-	(287,294)	-	(287,294)
Culture and recreation	339,341	5,291	-	(334,050)	-	(334,050)
Economic development	579,010	390,479	-	(188,531)	-	(188,531)
Airport	624,657	3,150	349,556	(271,951)	-	(271,951)
Interest expense	25,197	-	-	(25,197)	-	(25,197)
Total governmental activities	12,771,230	1,137,045	4,794,125	(6,840,060)	-	(6,840,060)
Business-type:						
Enterprise - Utilities	3,604,035	3,842,652	-	-	238,617	238,617
Total business-type activities	3,604,035	3,842,652	-	-	238,617	238,617
Total primary government	\$ 16,375,265	\$ 4,979,697	\$ 4,794,125	\$ (6,840,060)	\$ 238,617	\$ (6,601,443)
General revenues:						
Property taxes				3,512,846	234,487	3,747,333
Sales taxes				7,150,079	975,934	8,126,013
Other taxes				17,093	-	17,093
Franchise fees				326,229	-	326,229
Interest income				3,077	18,993	22,070
Other				159,460	124,619	284,079
Transfers (net)				88,777	(88,777)	-
Total general revenues				11,257,561	1,265,256	12,522,817
Change in net position				4,417,501	1,503,873	5,921,374
Net position, December 31, 2019				5,572,348	10,614,733	16,187,081
Net position, December 31, 2020				\$ 9,989,849	\$ 12,118,606	\$ 22,108,455

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

CITY OF BOGALUSA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Industrial Complex Sales Tax - Special Revenue Fund	Other Non- Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,510,801	\$ 323	\$ 2,358,462	\$ 3,869,586
Property taxes receivable	1,485,912	-	655,299	2,141,211
Accounts receivable	393,983	-	574,607	968,590
Due from other funds	268,171	-	10,666	278,837
Inventory of supplies	5,315	-	-	5,315
TOTAL ASSETS	3,664,182	323	3,599,034	7,263,539
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,664,182	\$ 323	\$ 3,599,034	\$ 7,263,539
<u>LIABILITIES</u>				
Accounts payable	\$ 638,552	\$ -	\$ 962,930	\$ 1,601,482
Accrued expenses	196,849	-	18,328	215,177
Certificates of indebtedness	100,000	-	-	100,000
Due to other funds	30,202	255	248,503	278,960
Due to other governments	-	-	-	-
TOTAL LIABILITIES	965,603	255	1,229,761	2,195,619
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Resources recovered prior to time requirement	58,033	-	20,867	78,900
<u>FUND BALANCES</u>				
<u>Non-spendable:</u>				
Inventory of supplies	5,315	-	-	5,315
<u>Restricted for:</u>				
Debt service	-	-	325,397	325,397
Capital projects	-	-	615,937	615,937
Maintenance	-	-	505,264	505,264
Special programs	35,369	68	901,808	937,245
<u>Committed:</u>				
Park	37,218	-	-	37,218
Police forfeitures	395	-	-	395
<u>Assigned:</u>				
Sitel	916,310	-	-	916,310
<u>Unassigned</u>				
	1,645,939	-	-	1,645,939
TOTAL FUND BALANCES (DEFICIT)	2,640,546	68	2,348,406	4,989,020
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 3,664,182	\$ 323	\$ 3,599,034	\$ 7,263,539

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Fund balances December 31, 2020 - governmental funds		\$	4,989,020
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:			
Cost of capital assets at December 31, 2020	62,444,741		
Less: accumulated depreciation as of December 31, 2020	<u>(33,791,437)</u>		28,653,304
Property tax revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures:			78,900
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore, are not reported in the governmental funds:			
Deferred outflows of resources - deferred pension contributions	3,318,188		
Deferred outflows of resources - related to other postemployment benefit liability	87,530		
Deferred outflows of resources - related to net pension liability	<u>2,060,018</u>		5,465,736
Deferred inflows of resources - related to net pension liability	(5,466,016)		
Deferred inflows of resources - related to other post-employment benefits	<u>(68,104)</u>		(5,534,120)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund liabilities:			
Bonds payable			(305,000)
Certificate of Indebtedness payable			(130,000)
Accrued interest payable			(4,503)
Intergovernmental agreement with Washington Parish			(336,744)
Net pension liability payable			(21,110,072)
Compensated absences			(988,440)
Total other post-employment benefits (OPEB) liability			(402,232)
Claims and judgments payable			<u>(386,000)</u>
Total net position at December 31, 2020 - governmental activities		\$	<u>9,989,849</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Industrial Complex Sales Tax - Special Revenue Fund	Other Non- Major Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 2,445,345	\$ -	\$ 1,070,449	\$ 3,515,794
Sales taxes	3,236,820	180,031	3,733,228	7,150,079
Other taxes	17,093	-	-	17,093
Licenses and permits	390,841	-	-	390,841
Franchise fees	326,229	-	-	326,229
Intergovernmental	3,186,931	-	1,359,712	4,546,643
Charges for services	130,008	-	-	130,008
Fines	121,763	-	-	121,763
Interest	1,090	1,119	868	3,077
Rent	-	-	392,971	392,971
Miscellaneous	179,574	-	54,864	234,438
Total revenues	10,035,694	181,150	6,612,092	16,828,936
Expenditures:				
Current -				
General government	2,668,084	2,018,029	970,152	5,656,265
Public safety	5,526,019	-	922,263	6,448,282
Public works	1,612,066	-	570,125	2,182,191
Landfill	-	-	287,294	287,294
Culture and recreation	-	-	233,522	233,522
Economic development	-	155,661	58,126	213,787
Airport	77,533	-	133,819	211,352
Capital outlay	12,000	-	207,719	219,719
Intergovernmental	267,013	-	-	267,013
Debt Service -				
Capital lease payments	-	-	57,935	57,935
Bond principal	-	-	145,000	145,000
Bond interest	-	-	27,843	27,843
Total expenditures	10,162,715	2,173,690	3,613,798	15,950,203
Excess (deficiency) of revenues over (under) expenditures	(127,021)	(1,992,540)	2,998,294	878,733
Other financing sources (uses):				
Transfers to other funds	(363,860)	(25,000)	(2,523,667)	(2,912,527)
Transfers from other funds	2,764,001	-	237,303	3,001,304
Total other financing sources (uses)	2,400,141	(25,000)	(2,286,364)	88,777
Net change in fund balance	2,273,120	(2,017,540)	711,930	967,510
Fund balance, beginning	367,426	2,017,608	1,636,476	4,021,510
Fund balance, ending	\$ 2,640,546	\$ 68	\$ 2,348,406	\$ 4,989,020

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - governmental funds \$ 967,510

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay and other capitalized purchases, adjustments and reclassifications	327,371	
Depreciation expense, including adjustments and reclassifications	<u>(1,827,665)</u>	(1,500,294)

Change in deferral of revenues due to collection beyond 60 days		(2,948)
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Loss on dissolution of landfill joint venture not reported at fund level		-
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond and certificate of indebtedness principal payments		202,935
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Other changes in long-term obligations:

Accrued interest payable	2,646	
Intergovernmental agreement with Washington Parish	-	
Change in net pension liability GASB 68 and related deferrals	4,664,538	
Compensated absences	(73,879)	
Change in total other post-employment benefit liability and related deferrals	(916)	
Pollution remediation liability claims paid	9,000	
Claims and judgments payable	<u>148,909</u>	<u>4,750,298</u>

Change in net position of governmental activities		<u>\$ 4,417,501</u>
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The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
DECEMBER 31, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 390,855
Property taxes receivable	144,380
Accounts receivable (net)	674,527
Due from other funds	29,196
Total current assets	1,238,958

Restricted assets

Cash and cash equivalents	405,087
Total restricted assets	405,087

Capital assets

Construction in progress	-
Capital assets, cost	44,701,882
Less: accumulated depreciation	(27,970,658)
Total capital assets	16,731,224

TOTAL ASSETS

18,375,269

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension contributions	43,426
Deferred amounts related to net pension liability	82,973
	126,399

LIABILITIES

Current liabilities:

Accounts payable	159,754
Accrued interest expense	22,440
Accrued expenses	201,666
Due to other funds	29,073
Long-term debt, current	202,000
Total current liabilities	614,933

Long-term liabilities:

Compensated absences	131,540
Net pension liability	2,594,795
Bonds payable	2,080,000
Total long-term liabilities	4,806,335

TOTAL LIABILITIES

5,421,268

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability	961,794
---	---------

NET POSITION

Net investment in capital assets	14,449,224
Restricted for debt service	405,087
Unrestricted	(2,735,705)
TOTAL NET POSITION	\$ 12,118,606

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING REVENUES:

Charges for service -	
Water, sewer and garbage fees	\$ 3,842,652
Miscellaneous service revenues	124,619
Total operating revenues	<u>3,967,271</u>

OPERATING EXPENSES:

Salaries and wages	978,791
Employee benefits	817,520
Change in net pension liability	(1,103,967)
Utilities	246,150
Contractual services	770,936
Supplies and materials	368,801
Repairs	414,274
Gas and oil	17,634
Depreciation	964,428
Insurance and other	45,879
Total operating expenses	<u>3,520,446</u>

INCOME FROM OPERATIONS	<u>446,825</u>
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NON-OPERATING REVENUES (EXPENSES):

Advalorem taxes	234,487
Sales taxes	975,934
Intergovernmental	-
Interest income	18,993
Interest expense	(83,589)
Total nonoperating revenues (expenses)	<u>1,145,825</u>

Net income before transfers	1,592,650
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Transfers to other funds	(1,086,892)
Transfers from other funds	<u>998,115</u>

Total transfers	(88,777)
------------------------	-----------------

CHANGE IN NET POSITION	1,503,873
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NET POSITION:

Balance, beginning of year	<u>10,614,733</u>
Balance, end of year	<u><u>\$ 12,118,606</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 3,932,025
Cash paid to suppliers	(1,910,213)
Cash paid to employees	(1,231,988)
Net cash provided by operating activities	<u>789,824</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Advalorem taxes	146,938
Sales taxes	955,011
Due to other funds (net change in)	(86,653)
Transfers from other funds	998,115
Transfers to other funds	(1,086,892)
Net cash provided by non-capital financing activities	<u>926,519</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Intergovernmental grants (capital)	43,196
Principal payments on debt	(197,000)
Interest paid on debt	(85,526)
Acquisition of capital assets	(1,219,490)
Net cash used in capital financing activities	<u>(1,458,820)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	<u>18,993</u>
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Net change in cash and cash equivalents	276,516
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Cash and cash equivalents at beginning of year	<u>519,426</u>
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Cash and cash equivalents at end of year	<u><u>\$ 795,942</u></u>
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Reconciliation to the Statement of Net Position:

Cash and cash equivalents - current	\$ 390,855
Cash and cash equivalents - restricted	<u>405,087</u>

	<u><u>\$ 795,942</u></u>
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(continued)

The accompanying notes are an integral part of these statements.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

Page 2 of 2

Reconciliation of net income to net cash provided by operating activities:

Income from operations	\$ 446,825
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	964,428
Bad debt expense	254,330
Change in assets, deferred outflows, liabilities and deferred inflows:	
Receivables	(303,176)
Deferred outflows related to pensions	84,122
Accounts payable	(46,539)
Accrued expenses	13,600
Other payables	-
Compensated absences	20,058
Net pension liability	(1,103,967)
Deferred inflows related to pensions	463,863
Accrued salaries	(3,720)
Net cash provided by operating activities	<u>\$ 789,824</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF PLAN NET POSITION
CITY OF BOGALUSA EMPLOYEES' RETIREMENT SYSTEM
FIDUCIARY FUND
JUNE 30, 2020

ASSETS

Cash and cash equivalents		\$ 467,988
Receivables:		
Employer contributions	109,338	
Accrued interest	<u>8,269</u>	117,607
Investments at fair market value:		
Fixed income investments	1,724,499	
Equity investments	<u>2,196,670</u>	
Total investments		<u>3,921,169</u>
TOTAL ASSETS		<u><u>4,506,764</u></u>

LIABILITIES

		<u>-</u>
<u>NET POSITION OF PENSION PLAN ASSETS</u>		<u><u>\$ 4,506,764</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF BOGALUSA EMPLOYEES' RETIREMENT SYSTEM
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

ADDITIONS

Contributions:	
Members	\$ 134,404
Employer	1,041,061
Total contributions	<u>1,175,465</u>
Investment income:	
Net increase in fair value of investments	46,170
Interest and dividends	84,679
	<u>130,849</u>
Less: investment fee expense	<u>(24,858)</u>
Net investment income	<u>105,991</u>
Total additions	<u>1,281,456</u>

DEDUCTIONS

Benefits paid	964,904
DROP withdrawals	48,947
Refunds of contributions	49,539
Other	4,842
Total deductions	<u>1,068,232</u>

INCREASE IN NET POSITION 213,224

NET POSITION OF PENSION PLAN ASSETS:

Beginning of the year	<u>4,293,540</u>
End of the year	<u>\$ 4,506,764</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE PRIMARY GOVERNMENT
FINANCIAL STATEMENTS**

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

INTRODUCTION

The City of Bogalusa, Louisiana (the City) was incorporated July 4, 1914, and is governed by the provisions of a home rule charter adopted October 22, 1977. The City operates under a "mayor-council" form of government which consists of an elected council representing the legislative branch of the government and an elected mayor heading the executive branch.

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

Governmental Accounting Standards Board (GASB) Statement No. 61 established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This includes the following criteria:

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

The City has chosen to issue financial statements of the primary government and only one component unit.

Component Unit Included

City of Bogalusa Employees' Retirement System (COBERS) – COBERS is a legally separate organization, but is fiscally dependent upon the City. It meets the definition of a component unit, and is blended into the basic financial statements as a Fiduciary Type Fund.

Component Units Omitted

City Court of Bogalusa (the Court) -The City Court of Bogalusa is a court of limited jurisdiction and serves Ward 4 of Washington Parish, Louisiana. Although the City Court Judge is an independently elected official, the Court is considered a component unit of the City because of fiscal dependence. The City provides the courtroom and office space for the Court. The City also pays salaries and retirement for the Court's administrative staff.

Constable of City Court of Bogalusa (the Constable) - The office of the Constable of City Court of Bogalusa was created by special legislative act R.S. 13:1952(5). The Constable is an elected official, and is responsible for executing the orders and mandates of the City Court of Bogalusa. The Constable is also fiscally dependent on the City and considered a component unit.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

INTRODUCTION (continued)

Christmas in the Park Commission (the Commission) – The Commission was created on November 1, 1995 by Ordinance No. 1588. The Commission is governed by an eleven-member board appointed by the Mayor, with approval of the City Council. The Commission advises the Mayor and the City Council, stimulates public interest and accepts donations to enhance holiday lighting and activities.

Bogalusa Community Arena Commission (the Commission) – The Bogalusa Community Arena Commission is governed by an eleven-member board appointed by the Mayor with approval of the Council. The Commission was established by Ordinance No. 1607 dated June 21, 1995 and amended on December 20, 1995 by Ordinance No. 1623.

Bogalusa Parks and Recreation Commission (the Commission) – The Bogalusa Parks and Recreation Commission is governed by a seventeen-member board appointed by the Mayor with the approval of the Council. The Commission was established by Ordinance No. 824 dated March 6, 1973.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Constable of City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Ms. Stacy Smith
Director of Administration
City of Bogalusa, Louisiana
Post Office Box 1179
Bogalusa, LA 70429

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations and (b) joint ventures, as follows:

Related Organizations

Housing Authority of Bogalusa - The Mayor, with confirmation of the City Council, appoints all five Commissioners of the Housing Authority of Bogalusa. However, no further contact or influence exists.

Washington Economic Development Foundation, Inc. - The Mayor appoints one member and the City Council appoints two members of the thirty-member Board of Directors of Washington Economic Development Foundation, Inc., which is a non-profit corporation exempt from federal income tax under Internal Revenue Code Section 501 (c)(3).

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Bogalusa have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private Sector Standards of Accounting issued on or prior to November 30, 1989 generally are followed in both the government wide financial statements and the proprietary fund type financial statements. The City has applied GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which eliminates the option for business-type activities to follow new FASB pronouncements, although they may continue to be applied as "other accounting literature."

A. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

B. Fund Financial Statements

Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories. Major funds are presented alone in a separate column, while non-major funds are summarized into a single column in the basic financial statements.

The daily accounts and operations of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund, both major and non-major, are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped into generic fund types and broad fund categories as presented below, along with identification of major funds.

Governmental activities presented as governmental funds in the fund financial statements:

General Fund – The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Financial Statements (continued)

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 or committed to expenditures for specified purposes. The special revenue fund reported as a major fund in the fund financial statements is as follows:

The Industrial Complex Sales Tax Fund accounts for the ¼-cent sales tax dedicated to improvement maintenance of the City's Industrial Park; however, an election held on July 11, 2020 rededicated the ¼-cent sales tax and accumulated fund balance to instead be dedicated to pay retirement benefits and costs related to pensions including contributions to the City of Bogalusa Employees' Retirement System.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. There are no major debt service funds.

Capital Projects Fund – Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). There are no major capital projects funds.

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

The City reports the following major proprietary fund:

The Utilities Fund accounts for all financial resources of water system, sewer system, and garbage collection.

Additionally, the City reports the City of Bogalusa Employees' Retirement System (COBERS) as a fiduciary fund since the City acts in a fiduciary capacity for the benefit of the employees. Assets held in this fund are segregated from the City's general operating assets and are not subject to the claims of general creditors.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

COBERS is a single-employer pension plan that covers most permanent City employees except policemen and firemen. The COBERS's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period, while intergovernmental (grant) revenues are considered available if received within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the City's investment policy allow the City to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The City has no investments.

The City of Bogalusa Employees Retirement System's (COBERS) cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the COBERS investment policy allow the COBERS to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds investing in debt and equity securities, as well as direct equity investments all within limitations for each type of investment.

E. Activity Between Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

F. Summary of Authorized Ad Valorem and Sales Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Washington Parish. When the City receives the tax roll, a receivable is set up and revenue is recognized based on the assessed values to the extent available.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Summary of Authorized Ad Valorem and Sales Taxes (continued)

Sales taxes are recognized as revenue in the month of the underlying sale transaction. The Washington Parish Sheriff is authorized to collect and remit this tax to the City.

The following is a summary of authorized and levied ad valorem taxes.

Fund Type	Purpose	Authorized Mills	Levied Mills	Expiration Date
General	General purpose	10.90	10.90	Indefinite
General	Maintenance, equipment, operations and salaries of municipal employees	3.62	3.62	2027
General	Fire department maintenance	2.71	2.71	2027
General	Maintenance and operation of municipal services	2.73	2.73	2029
General	Retirement for police department, fire department, and general city employees	7.84	7.84	2029
General	City of Bogalusa Employees' Retirement System	2.75	2.75	2025
Debt Service	Street Improvement Bonds	0.50	0.50	Indefinite
Special Revenue	Parks and Recreation Facilities	2.01	2.01	2029
Special Revenue	Municipal Buildings	2.01	2.01	2029
Special Revenue	Landfill	5.03	5.03	2021
Enterprise	Sewer and water works	2.71	2.71	2027
	Total	42.81	42.81	

The following is a summary of authorized sales taxes.

Fund Type	Purpose	Percent	Expiration Date
Special Revenue	Street and drainage maintenance	0.25	05/31/27
Special Revenue	Capital improvements	0.15	05/31/27
Enterprise	Water and sewer maintenance	0.15	05/31/27
General	General operations	0.45	05/31/27
Special Revenue	Industrial complex maintenance ¹	0.25	Indefinite
Special Revenue	Employee salaries and benefits	0.50	Indefinite
Special Revenue	Jail operations	0.33	Indefinite
General	General operations ²	1.00	Indefinite
Enterprise	Wastewater system improvement	0.25	02/01/23
	Total	3.33	

¹ Beginning on January 1, 2019, 50% of the .25 cent tax is dedicated to paying retirement and benefits of the City of Bogalusa Employees' Retirement System. On July 11, 2020 an election was held that dedicated the remaining 50% of the .25 cent tax to the City of Bogalusa Employees' Retirement System.

² Beginning on January 1, 2019 through 2039, 12.5% of this 1 cent tax is dedicated to paying retirement and pension benefits of the City of Bogalusa Employees' Retirement System

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories and Prepaid Expenses

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain funds of governmental activities, capital lease proceeds, and enterprise fund revenue bonds, as well as certain resources set aside for bond repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, sewer infrastructure, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	20-40 years
Buildings and building improvements	25-40 years
Furniture and fixtures	5-10 years
Vehicles	5 years
Equipment	5-10 years

J. Compensated Absences

Vacation and sick leave in each department is governed by a different union contract and in the case of fire and police, civil service and other state laws.

Public Works Department and Finance Department/General Government:

Vacation time is required to be taken in the year it is earned, except with permission from the appropriate department head. The union contract calls for payment for unused vacation at the end of the year. The City's practice is to pay an employee for up to 90 days at separation. The City allows an employee to bank more vacation time than he/she will be paid for in the event he/she needs to use it for an emergency.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences (continued)

Sick leave is earned at a rate of 2 days a month, is cumulative up to 260 days and is kept on the books until an employee separates. An employee can be paid for up to 20 days of sick leave at separation.

Comp time or bank time is earned at 1.5 times the hours actually worked at an overtime rate. The City's practice is to pay an employee for up to 90 days at separation. The City allows an employee to bank more vacation time than he/she will be paid for in the event he needs to use it for an emergency.

Fire Department and Police Department:

Vacation time is required to be taken in the year it is earned, except with permission from the appropriate chief. The City's practice is to pay an employee for up to 90 days at separation, yet the city allows an employee to bank more vacation in the event he or she needs to use it for an emergency.

Comp time or bank time is earned at 1.5 times the hours actually worked at an overtime rate. Currently, bank time is unlimited.

GASB Statement No. 16 *Accounting for Compensated Absences* requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The City has recorded the following liabilities as of December 31, 2020 for certain salary-related benefits associated with the payment of compensated absences:

1. Accrued and unused vacation for each employee valued at the employees' current rate of pay.
2. Accrued and unused sick leave up to the maximum to be paid upon termination.
3. A total of 100% of the compensatory leave for each employee valued at the employees' current rate of pay.

In the government-wide financial statements and the propriety fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No.6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at December 31, 2020, in the governmental fund financial statements. The liquidation of the compensated absence liabilities will be paid proportional to funds in which the compensation was paid.

K. Fund Balance

The City reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides definitions of fund balance categories that are designed to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance (continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority by a vote of the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the City's management;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which other fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

L. Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectable balances. The more significant accounts receivable is recorded for amounts due from other governments in the governmental activities and funds, and for customers' accounts in the business-type activities and the utility fund. Customer Utility accounts are estimated to be uncollectable upon coming sixty days past due. Amounts due from governments are estimated to be uncollectable based upon the facts and circumstances of the grant agreement or funding source.

M. Deferred Outflows and Inflows

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position.

N. Net Position

The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Position (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

N. Estimates

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

O. Current Year Adoption of New Accounting Standards

The City adopted Government Accounting Standards Board (GASB) Statement 83, *Certain Asset Retirement Obligations (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The implementation of this standard had no effect on net position or fund balance for the fiscal year ending December 31, 2020.

The City adopted Government Accounting Standards Board (GASB) Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the City controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The implementation of this standard had no effect on net position or fund balance for the fiscal year ending December 31, 2020.

The City adopted Government Accounting Standards Board (GASB) Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard required additional disclosures related to debt including segregating direct borrowing and direct placement debt from other debt. Note disclosures included unused lines of credit, assets pledged as collateral for debt and certain terms specified in the debt agreements including events of default, termination events and subjective acceleration clauses (see Notes 11 and 12). The implementation of this standard had no effect on net position or fund balance for the fiscal year ending December 31, 2020.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- a. The Mayor submits to the council a proposed operating budget at least forty-five days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and total anticipated revenues.
- b. At the meeting of the council at which the operating budget is submitted, the council orders a public hearing on it.
- c. At least ten days prior to the date of such hearing, the council publishes in the official journal a general summary of the proposed budget.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally enacted through passage of an ordinance, no later than the twenty-seventh day of the last month of the calendar year.
- e. Budgetary amendments involving the transfer of funds from one department, office, or agency to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the adoption of an ordinance by the Council.
- f. Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended.
- g. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended from time to time by the City Council.

3. DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS

A. City of Bogalusa

At December 31, 2020, the City had cash (book balances) totaling \$4,665,528 consisting primarily of demand deposit accounts at local banks. These deposits were stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned. Under the state law, all deposits are required to be secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City of Bogalusa's name. At December 31, 2020, the City's bank balances amounted to \$5,062,614. Of the bank balances, \$250,000 was covered by federal depository insurance and \$4,812,614 was protected against custodial credit risk by collateral held by the pledging banks' trust department or agent in the City's name at December 31, 2020.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS)

Cash and Cash Equivalents:

At June 30, 2020, cash and cash equivalents consisted of \$97,685 invested in short-term money market mutual funds and \$370,303 in a commercial checking account. The commercial checking account is insured by the Federal Deposit Insurance Corporation up to \$250,000, while the money market funds are not subject to custodial credit risk.

Investments:

In accordance with LRS 11:263, the System is authorized to invest under the Prudent-Person Rule. The Prudent-Person Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Person Rule, the System's investment policy allows for fifty percent of the total portfolio to be invested in equity securities and fifty percent to be invested in fixed income securities consisting of U.S. Government and U.S. corporation bonds and notes. Rebalancing occurs when the investment weight of the categories varies by five percent or more.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy states that no more than 5 percent of the total stock portfolio value at market may be invested in the common stock of an organization.

In addition, with respect to fixed income securities, exposure to any economic sector shall not exceed greater of 30% of the portfolio at market value and investments in one issuer shall not exceed 5% of the fixed income portfolio's market value unless otherwise authorized by the Board. Investments in one Federal Home Loan Mortgage Corporation, two U.S. Treasury Notes, and one mortgage-backed securities' Exchange Traded Fund issued by U.S. government agencies (MBS ETF) represent a concentration greater than 5.5% of total investments as of June 30, 2020. The issuer's percentages of total fixed income were 6.4%, 13.2%, and 20.7%, respectively, at December 31, 2020.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

Credit Risk:

Credit risk is defined as the risk that an issuer or other counter party to an investment will not fulfill its obligations. The following are credit risk ratings of the System's investments in long-term debt securities as of June 30, 2020.

Below is a schedule of debt securities owned with their applicable ratings:

Rating	Corporate Bonds	Federal Home Loan Bank	Federal Home Loan Mortgage Corp.	Federal National Mortgage Association	Government National Mortgage Association	Municipal Obligations	Fixed Income ETF	U.S. Treasury Notes	Total
A1	\$ 69,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,642
A2	167,975	-	-	-	-	-	-	-	167,975
A3	92,044	-	-	-	-	-	-	-	92,044
Aa1	-	-	-	-	-	-	-	-	-
Aa2	-	-	-	-	-	-	-	-	-
Aa3	33,011	-	-	-	-	53,516	-	-	86,527
Aaa	32,784	51,193	-	-	-	-	-	-	83,977
AGY	-	-	110,570	147,542	2,099	-	-	-	260,211
Baa1	145,360	-	-	-	-	-	-	-	145,360
Baa2	-	-	-	-	-	-	-	-	-
Baa3	-	-	-	-	-	-	-	-	-
TSY	-	-	-	-	-	-	-	461,313	461,313
ETF	-	-	-	-	-	-	357,450	-	357,450
	<u>\$ 540,816</u>	<u>\$ 51,193</u>	<u>\$ 110,570</u>	<u>\$ 147,542</u>	<u>\$ 2,099</u>	<u>\$ 53,516</u>	<u>\$ 357,450</u>	<u>\$ 461,313</u>	<u>\$ 1,724,499</u>

The System's investment policy limits its investments to corporate debt issues rated equivalent of B or better by Standard & Poor's or B2 by Moody's Investor Services. If securities fall to a CCC rating, they are to be eliminated in a timely manner.

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk:

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are uninsured, or are not registered in the name of the Retirement System, and are held by either the counterparty or the counterparty's trust department or agent, but not in the System's name. The System was not exposed to custodial credit risk as of June 30, 2020. However, the System does not have a policy regarding custodial credit risk.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates in the general market will adversely affect the fair value of an investment. The holding period of an investment security can be an indicator of interest rate risk exposure. As of June 30, 2020, the System had the following investments in long-term debt securities and maturities:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Corporate Bonds	\$ 540,816	\$ -	\$ 145,046	\$ 289,608	\$ 106,162
Federal National Mortgage Association	147,542	-	-	-	147,542
Government National Mortgage Association	2,099	25	-	376	1,698
Federal Home Loan Bank	51,193	51,193	-	-	-
Federal Home Loan Mortgage Corp.	110,570	200	110,370	-	-
Municipal Obligations	53,516	-	53,516	-	-
Fixed Income ETF	357,450	-	-	-	357,450
U.S Treasury Notes	461,313	-	27,199	323,905	110,209
	<u>\$ 1,724,499</u>	<u>\$ 51,418</u>	<u>\$ 336,131</u>	<u>\$ 613,889</u>	<u>\$ 723,061</u>

The System has no formal policy regarding interest rate risk.

The System may invest in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The holding periods for the collateralized mortgage obligations above are based on maturity dates of the securities.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

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 for significant other observable inputs; Level 3 inputs are significant unobservable inputs. A summary of the COBERS's investments along with the fair value hierarchy levels of each type of investment are as follows:

		Fair Value Measurements Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Fixed Income Assets	6/30/2020		
Corporate Bonds	\$ 540,816	\$ -	\$ 540,816
Federal National Mortgage Association	147,542	-	147,542
Government National Mortgage Association	2,099	-	2,099
Federal Home Loan Bank	51,193	51,193	-
Federal Home Loan Mortgage Corp.	110,570		110,570
Municipal Obligations	53,516	-	53,516
Fixed Income ETF	357,450	357,450	-
U.S Treasury Notes	461,313	461,313	-
Total Fixed Income Assets	1,724,499	869,956	854,543
Equity Investments			
Value Equity	2,196,670	2,196,670	-
Total Equity Investments	2,196,670	2,196,670	-
Total Investments at Fair Value Level	\$ 3,921,169	\$ 3,066,626	\$ 854,543

Level 2 inputs are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted prices.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends, period aging and prior write-offs of similar accounts receivable, receivables balances, and sales and franchise tax collections.

Accounts receivable at December 31, 2020 were as follows:

<u>Governmental Activities:</u>	<u>Sales Taxes</u>	<u>Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 320,185	\$ -	\$ 73,798	\$ 393,983
Industrial Complex Sales Tax	-	-	-	-
Non-Major Governmental Funds	388,389	183,726	2,492	574,607
Total	<u>\$ 708,574</u>	<u>\$ 183,726</u>	<u>\$ 76,290</u>	<u>\$ 968,590</u>

		<u>Customer Utility Accounts</u>	<u>Other</u>	<u>Total</u>
<u>Business-type Activities:</u>	<u>Sales Taxes</u>			
Operating Fund	\$ 96,653	\$ 2,330,053	\$ -	\$ 2,426,706
Allowance for Uncollectible Accounts	-	(1,752,179)	-	(1,752,179)
Total	<u>\$ 96,653</u>	<u>\$ 577,874</u>	<u>\$ -</u>	<u>\$ 674,527</u>

5. CASH RESTRICTED UNDER DEBT AGREEMENTS

At December 31, 2020, the City held restricted cash required by bond covenants pertaining to the \$2,670,000 Revenue Refunding Bonds 2012, \$1,000,000 Water Revenue Bonds 2009A and \$3,000,000 Water Revenue Bonds 2009B as follows:

Wastewater Improvement Sales Tax	\$ 49,854
Water Revenue Bond Reserve Account	147,674
Water Revenue Bond Sinking Account	106,959
Water Revenue Bond Contingency Account	<u>100,600</u>
Total business-type activities restricted cash	<u>\$ 405,087</u>

The City is required by its Loan and Pledge Agreement with the Louisiana Department of Health and Hospitals pursuant to the issuance of the 2009A and B bonds (see note 13) to make monthly deposits into its water revenue bond and sinking fund cash accounts. Additionally, the Water Revenue Bond Reserve Account and the Water Revenue Contingency Accounts are required to maintain minimum balances. As of December 31, 2020 the City fully funded the Water Revenue Bond Sinking Account and maintained the required minimum balance.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

6. CAPITAL ASSETS

A. Governmental Activities

The following is a summary of the changes in capital assets for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 1,887,765	\$ -	\$ -	\$ 1,887,765
Construction in progress	-	146,611	-	146,611
	<u>1,887,765</u>	<u>146,611</u>	<u>-</u>	<u>2,034,376</u>
<u>Being depreciated</u>				
Buildings	22,348,005	57,250	-	22,405,255
Infrastructure	32,375,162	-	-	32,375,162
Furniture and equipment	5,506,438	123,510	-	5,629,948
	<u>60,229,605</u>	<u>180,760</u>	<u>-</u>	<u>60,410,365</u>
<u>Less: accumulated depreciation</u>				
Buildings	(12,528,546)	(540,191)	-	(13,068,737)
Infrastructure	(15,334,519)	(889,458)	-	(16,223,977)
Furniture and equipment	(4,100,707)	(398,016)	-	(4,498,723)
	<u>(31,963,772)</u>	<u>(1,827,665)</u>	<u>-</u>	<u>(33,791,437)</u>
Net capital assets being depreciated	<u>28,265,833</u>	<u>(1,646,905)</u>	<u>-</u>	<u>26,618,928</u>
Total capital assets, net	\$ 30,153,598	\$ (1,500,294)	\$ -	\$ 28,653,304

Depreciation expense for the year ended December 31, 2020 was charged to the following governmental functions:

General government	\$ 98,143
Public safety	227,650
Public works	609,162
Culture and recreation	114,182
Economic Development	365,223
Airport	413,305
	<u>\$ 1,827,665</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

6. CAPITAL ASSETS (continued)

B. Business-type Activities

The following is a summary of the changes in capital assets for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<u>Cost</u>				
<u>Not being depreciated</u>				
Construction in progress	\$ 67,600	\$ 1,119,212	\$ (1,186,812)	\$ -
	<u>67,600</u>	<u>1,119,212</u>	<u>(1,186,812)</u>	<u>-</u>
<u>Being depreciated</u>				
Water and sewer plant	10,468,398	-	-	10,468,398
Sewer treatment plant	2,840,772	25,379	-	2,866,151
Water well	1,686,604	-	-	1,686,604
Collection system	2,744,249	-	-	2,744,249
Sewer pumping system	1,804,681	74,899	-	1,879,580
Water line	5,120,810	-	-	5,120,810
Equipment and vehicles	441,835	-	-	441,835
Sewer treatment improvements	13,419,285	1,186,812	-	14,606,097
Water meter	4,888,158	-	-	4,888,158
	<u>43,414,792</u>	<u>1,287,090</u>	<u>-</u>	<u>44,701,882</u>
<u>Less: accumulated depreciation</u>				
Water and sewer plant	(8,570,662)	(108,264)	-	(8,678,926)
Sewer treatment plant	(2,716,129)	(30,594)	-	(2,746,723)
Water well	(1,056,400)	(59,269)	-	(1,115,669)
Collection system	(2,744,249)	-	-	(2,744,249)
Sewer pumping system	(1,512,091)	(91,844)	-	(1,603,935)
Water line	(2,857,236)	(128,020)	-	(2,985,256)
Equipment and vehicles	(395,608)	(13,689)	-	(409,297)
Sewer treatment improvements	(5,516,761)	(337,221)	-	(5,853,982)
Water meter	(1,637,094)	(195,527)	-	(1,832,621)
	<u>(27,006,230)</u>	<u>(964,428)</u>	<u>-</u>	<u>(27,970,658)</u>
Net capital assets being depreciated	<u>16,408,562</u>	<u>322,662</u>	<u>-</u>	<u>16,731,224</u>
Total capital assets, net	<u>\$ 16,476,162</u>	<u>\$ 1,441,874</u>	<u>\$ (1,186,812)</u>	<u>\$ 16,731,224</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

7. INTERFUND BALANCES

From time to time, cash may be borrowed between funds or costs may be fronted by one fund for another fund resulting in inter-fund balances. The amounts are not expected to be repaid within one year as they depend on the timing of receipts in other funds. The following inter-fund balances exist at December 31, 2020.

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 268,171	\$ 30,202
Industrial Complex Sales Tax Fund	-	255
Nonmajor governmental funds	10,666	248,503
 <u>Proprietary Funds:</u>		
Utility System	29,196	29,073
	<u>\$ 308,033</u>	<u>\$ 308,033</u>

8. INTERFUND TRANSFERS

Transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during 2020 occurred as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 2,764,001	\$ 363,860
Industrial Complex Sales Tax Fund	-	25,000
Nonmajor governmental funds	237,303	2,523,667
 <u>Proprietary Funds:</u>		
Utility System	1,134,672	1,223,449
	<u>\$ 4,135,976</u>	<u>\$ 4,135,976</u>

9. ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana sends a check monthly for approximately \$500 directly to each individual fireman and policeman that is qualified and has been employed by the City for at least one year. Policemen received a total of \$237,500, and the firemen received \$162,867 in 2020. The total payments of \$400,367 have been included in the fund financial statements in intergovernmental revenue and public safety expenditures.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

10. SHORT-TERM DEBT

The City borrows money during the year to finance expenditures for general operations that are budgeted evenly throughout the year, which are expected to be paid from ad valorem tax revenues collected at year-end.

Short-term debt activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Funds Borrowed	Repayments	Ending Balance
Certificates of Indebtedness	\$ 800,000	\$ 100,000	\$ (800,000)	\$ 100,000

The borrowings for 2020 were advanced to the City through a series of certificates of indebtedness bearing no interest, on the first \$100,000 borrowed and interest of 2.77% thereafter, per terms of the agreement.

11. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS

a. Activities

Long-term liability activity of governmental activities for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 450,000	\$ -	\$ (145,000)	\$ 305,000	\$ 150,000
Certificates of indebtedness	187,935	-	(57,935)	130,000	64,000
Compensated Absences	914,561	104,374	(30,495)	988,440	-
Claims and Judgments	148,909		(148,909)	-	-
Pollution Remediation Obligations	395,000	-	(9,000)	386,000	-
Washington Parish - Intergovernmental Agreement	336,744		-	336,744	120,000
	<u>\$2,433,149</u>	<u>\$ 104,374</u>	<u>\$ (391,339)</u>	<u>\$2,146,184</u>	<u>\$ 334,000</u>

b. Bonds Payable

On December 4, 2017, the City issued Certificate of Indebtedness, Series 2017, in the amount of \$312,000 for the purpose of financing the purchase of a new firetruck. The Certificates principal payments are due on October 1st of each year beginning 2018 through 2022. Interest on the Certificates is 3.22% and is payable semiannually in April and October.

Bonds and certificates of indebtedness payable were as follows at December 31, 2020:

	Type of Debt	Interest Rates	Date of Issuance	Original Balance	Ending Balance
General Obligation 2007	G.O. ¹	4.125 - 6.0%	10/1/2007	\$ 1,750,000	\$ 305,000
Certificates of indebtedness 2017	C ²	3.22%	12/4/2017	312,000	130,000
					<u>\$ 435,000</u>

G.O. = General obligation bond C = Certificate of Indebtedness

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

11. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS (continued)

b. Bonds Payable (continued)

¹These bonds were offered for public sale that are subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds would be in default for failure of payment of principal and interest when due, non-payment related defaults, unscheduled draws on debt service reserves or credit enhancements reflecting financial difficulties, substitution of credit or liquidity providers or failure to perform, modifications to rights of bondholders, defeasances, release, substitution or sale of property securing repayment of the bonds, bond rating changes, filing petition or seeking relief under Federal or State bankruptcy law, adverse tax opinions or other material notices or determinations with respect to the tax status of the bonds, the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of substantially all of the assets of the Issuer, and an appointment of a successor or additional trustee or the change of name of a trustee (if material). The City has the authority to assess and collect property taxes that will be used to repay this debt.
- *Termination events with finance related consequences* – Events that will result in finance related consequences include bonds being callable early and insufficient taxes levied and collected to meet debt service requirements on all bonds outstanding.
- *Subjective acceleration clauses* – The City may refund early with refunding certificates or bonds, and the City may defease bonds.

²This bond is a direct placement bond that is subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – none noted
- *Termination events with finance related consequences* – none noted
- *Subjective acceleration clauses* – none noted

c. Annual debt service requirements of bonds and notes payable

The annual requirements to service all debts outstanding are as follows for the next five years and for five year increments thereafter:

	Bonds Payable		Certificates of Indebtedness		Principal
	Principal	Interest	Principal	Interest	Total
2021	\$ 150,000	\$ 10,543	\$ 64,000	\$ 4,186	\$ 214,000
2022	155,000	3,565	66,000	2,125	221,000
	<u>\$ 305,000</u>	<u>\$ 14,108</u>	<u>\$ 130,000</u>	<u>\$ 6,311</u>	<u>\$ 435,000</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

11. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS (continued)

d. Washington Parish Intergovernmental Agreement

As of December 31, 2019, the City and the Washington Parish Government (the Parish) entered into an intergovernmental agreement (IA) to dissolve the Choctaw Landfill Joint Venture (the landfill). The CLJV was formed in a 1985, the City and the Washington Parish Council entered into a verbal agreement and in 1998 formalized in writing for the construction and operation in a joint venture named Choctaw Road Landfill with the City's equity of 41.9% and the Parish's equity of 58.1%. The City's funding of the landfill was through a 5-mill ad-valorem tax that has been insufficient to support the City's portion of the landfill operational costs and capital expenditures. The continued operation of the landfill with the City's 5-mill funding source was fiscally detrimental. The City and the Parish entered into the IA where the City agreed to a long term liability of \$336,744 due to the Parish expected to be repaid over three years with the full amount due as of December 31, 2023. In exchange, effective January 1, 2020, the City agreed to a 10-year contract to continue to use the landfill for its waste at an agreed upon price of \$37.50 per ton adjusted annually by the consumer price index. The City agreed to repay the debt to the Parish by transferring the difference between the 5-mill ad-valorem tax revenue and the per ton disposal fee. As of December 31, 2020 the balance due to parish was \$336,744.

12. BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS

a. Activity

Long-term debt activity of business-type activities for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$2,479,000	\$ -	\$ (197,000)	\$2,282,000	\$ 202,000
Compensated Absences	111,482	20,058	-	131,540	-
	<u>\$2,590,482</u>	<u>\$ 20,058</u>	<u>\$ (197,000)</u>	<u>\$2,413,540</u>	<u>\$ 202,000</u>

b. Bonds Payable

The City entered into a series of agreements with the Louisiana Department of Health and Hospitals (the Department) as part of the Build America Bonds Program whereby the Department has committed to loan the City up to \$5,000,000 to fund construction of a water meter system (project). The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the City will be evidenced through the Series 2009A and 2009B bonds in the amounts of \$1,000,000 and \$3,000,000, respectively, and these bonds will mature in 20 principal installments, payable annually on each September 1 beginning in 2011. Each annual installment due is based upon a pre-determined percentage of the ultimate amount of the borrowing that is not forgivable (see forgiveness provisions in the following paragraph). Interest on the bonds is incurred at the rate of 2.95% and payment thereof began March 1, 2010 and continues to occur semi-annually thereafter.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

12. BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS (continued)

b. Bonds Payable (continued)

The 2009A series bonds were funded with amounts provided under the American Recovery and Reinvestment Act (ARRA). One half of the 2009A bond funds advanced to the City is forgivable as a debt upon advancement. The City received no advances of 2009A bond funds during 2017 as the bonds were fully funded during 2012.

The City is required to create reserve accounts and maintain minimum balances within that account and to make monthly deposits into a sinking fund. As of December 31, 2020, the City fully funded the Water Revenue Bond Sinking Account and maintained the required minimum balance.

Bonds outstanding were as follows at December 31, 2020:

	Type of Debt	Interest Rates	Date of Issuance	Original Balance	Ending Balance
Water Revenue Bonds, Series 2009A,	R ³	2.95%	Various	\$1,000,000	\$ 603,000
Water Revenue Bonds, Series 2009B,	R ³	2.95%	Various	3,000,000	1,679,000
				<u>\$4,000,000</u>	<u>\$2,282,000</u>

R = Tax revenue bond

³This bond is a direct placement bond that is subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds would be in default for failure of payment of principal and interest when due, non-performance of observance of covenants, agreements, or conditions in Certificate Resolution or supplemental resolution continuing for more than 45 days after written notice of non-performance or observance, and filing petition or seeking relief under Federal or State bankruptcy law.
- *Termination events with finance related consequences* – Events that will result in finance related consequences include bonds being callable early and insufficient taxes levied and collected to meet debt service requirements on all bonds outstanding.
- *Subjective acceleration clauses* – The City may refund early with refunding certificates or bonds, and the City may defease these bonds.

c. Annual debt service requirements

A schedule of annual debt service requirements for the bonds for each of the next five years and for five-year increments thereafter is as follows:

	Bonds Payable		
	Principal	Interest	Total
2021	\$ 202,000	\$ 67,319	\$ 269,319
2022	207,000	61,360	268,360
2023	213,000	55,254	268,254
2024	219,000	48,970	267,970
2025	224,000	42,510	266,510
2026-2030	1,217,000	105,787	1,322,787
	<u>\$2,282,000</u>	<u>\$ 381,200</u>	<u>\$2,663,200</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

12. LEGAL DEBT MARGIN

Computation of the legal debt margin for general obligation bonds payable from ad-valorem tax is as follows. The City is within its allowed legal debt limitation.

<u>Ad-valorem taxes:</u>	
Assessed valuation, 2020 tax rolls	\$ 86,900,870
Debt limit: 35% of assessed valuation	\$ 30,415,305
General obligation bonds outstanding at December 31, 2020, secured by ad-valorem tax	\$ 305,000

13. PENSION PLANS

The City of Bogalusa (the City) participates in the City of Bogalusa Employees' Retirement System (COBERS) which is a single employer pension plan that is administered by a Board of Trustees as established by the City of Bogalusa's Home Rule Charter. The City is also a participating employer in three State-wide cost-sharing multiple employer defined benefit pension plans that include the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the State-wide plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the State-wide Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS:	MPERS:	FRS:
7937 Office Park Boulevard	7722 Office Park Boulevard, Suite 200.	3100 Brentwood Drive
Baton Rouge, Louisiana 70809	Baton Rouge, LA 70809	Baton Rouge, Louisiana 70809
(225) 925-4810	(225) 929-7411	(225) 925-4060
www.mersla.com	www.lampers.org	www.ffret.com

The financial statements of the City of Bogalusa Employees' Retirement System (COBERS) are included in this report.

In accordance with Government Accounting Standards Board (GASB) Statement 68 the City is required to record its Net Pension Liability in COBERS and the proportional share of each of the other pension plans Net Pension Liability and report the following disclosures:

Plan Descriptions:

a. City of Bogalusa Employees' Retirement System

Plan administration. The City of Bogalusa Employees' Retirement System (COBERS) administers the City of Bogalusa Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time general and public safety employees of the City. The City's Home Rule Charter grants the authority to establish and amend the benefit terms to the COBERS Board of Trustees (COBERS Board).

Management of the plan is vested in the COBERS Board, which consists of three members - one appointed by the Mayor, one appointed by the appointive officers and employees who are members of the system, and one selected by the two appointed members.

Membership: Participation is mandatory for virtually all full-time non-fire and non-police employees who are employed on a permanent basis, and are under the age of 60 years on the date of employment.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

a. City of Bogalusa Employees' Retirement System (continued)

The membership of the plan at June 30, 2020 is as follows:

Retirees & beneficiaries receiving benefits	85
Active plan members	50
Total	<u>135</u>

Description of Benefits: Members become benefit eligible at age 60 with 10 years of service or age 50 with 25 years of service. The normal benefit is equal to two and two-thirds percent of average salary for each year of total service and any fractional part of a year of service. The minimum amount of benefit is 25% of average salary, while maximum benefit is 66 2/3% of average salary. Under the joint and survivor option, 75% of benefits are paid and continue to the surviving spouse until death or remarriage. Cost-of-living adjustments (COLA) are provided with approval of the City Council.

An active member may participate in the Deferred Retirement Option Plan when he becomes eligible to retire. Participation in the plan can be for no more than 36 months. The regular monthly retirement benefit (calculated at the time of participation in the program) is deposited in a separate account for the participant. Upon termination of employment, the accumulated balance in the account is paid to the participant in a lump sum amount or any other method of payment approved by the board of trustees. Payment of the regular monthly retirement benefit also commences at the termination of employment.

Annual Pension Expense and Net Pension Liability: The City's Net Pension Liability to the COBERS, calculated in accordance with GASB 67, for the year ended June 30, 2020 measurement date is as follows:

Total pension liability:	
Service Cost	\$ 385,555
Interest	1,002,661
Difference between expected and actual experience	(292,625)
Changes in assumptions	(5,952,127)
Benefit payments	<u>(1,063,390)</u>
Net change in total pension liability	(5,919,926)
Total pension liability - beginning	24,842,218
Total pension liability - ending	<u>\$ 18,922,292</u>
Plan fiduciary net position:	
Contributions employer	\$ 1,041,061
Contributions employee	134,404
Net investment income	105,991
Benefit payments, refunds and expenses	(1,063,390)
Other	<u>(4,842)</u>
Change in plan fiduciary net position	213,224
Plan fiduciary net position - beginning	4,293,540
Plan fiduciary net position - ending	<u>\$ 4,506,764</u>
Net pension liability - beginning	\$ 20,548,678
Change in net pension liability	(6,133,150)
Net pension liability - ending	<u>\$ 14,415,528</u>
Plan fiduciary net position as a percentage of the total pension liability	23.82%

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

a. City of Bogalusa Employees' Retirement System (continued)

b. Municipal Employees' Retirement System of Louisiana (MERS)

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 year ended June 30, 2020, there were 88 contributing municipalities in Plan A and 68 in Plan B. The City of Bogalusa is a participant in Plan A only. The following is a description of the plan and its benefits and is provided for general information purposes only and only for Plan A.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

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

Eligibility for Retirement for Plan A Tier 2 members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service with an actuarially reduced early benefit
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death - 40% at age 60 or minimum of 20% immediately (actuarially calculated).

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

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

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

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

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

b. Municipal Employees' Retirement System of Louisiana (MERS) (continued)

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

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

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

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

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

c. Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211 - 11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years' creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

c. Municipal Police Employees' Retirement System (MPERS) (continued)

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

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

d. Firefighters' Retirement System (FRS)

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement, disability, and death benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (R.S.) 11:2251 - 11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

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

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

d. Firefighters' Retirement System (FRS) (continued)

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

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See RS. 11 :2256(A) for additional details on retirement benefits.

Deferred Retirement Option Plan: After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the defined retirement option plan (DROP) for up to 36 months. Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

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

Funding Policy – All Pension Plans

The funding policy for the City of Bogalusa Employees' Retirement System (COBERS) is actuarially determined and adopted by Board of Trustees as established by the City of Bogalusa's Home Rule Charter. The City also collects an ad valorem tax of 2.75 mills that is contributed to COBERS that is in addition to the City's contribution based on a covered payroll percentage. On the statewide multiple employer cost sharing pension plans, Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

Funding Policy – All Pension Plans (continued)

Contributions to the plans are required and determined by COBERS or by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2020, for the City and covered employees were as follows:

	City	Employees
City of Bogalusa Employees' Retirement System ¹	11.00%	6.00%
Municipal Employees' Retirement System Plan A	29.50%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	33.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.75%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	36.25%	7.50%
Firefighters' Retirement System		
Employees receiving compensation above poverty		
guidelines of US Department of Health	32.25%	10.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	34.25%	8.00%

¹ Percentage does not include City contribution of property taxes dedicated to the Retirement System

The contributions made to the Systems for the past three years ending on December 31, were as follows:

	2020	2019	2018
City of Bogalusa Employees' Retirement System ¹	\$ 3,234,292	\$ 1,023,182	\$ 441,186
Municipal Employees' Retirement System Plan A	22,267	20,467	18,972
Municipal Police Employees' Retirement System	674,058	606,288	594,793
Firefighters' Retirement System	352,316	335,756	328,753

¹ Amount includes the City's accrual of property and sales taxes dedicated to the Retirement System

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

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the COBERS plan and the cost sharing multiple-employer pension plans based on the June 30, 2020 measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2020 along with the change compared to the June 30, 2020 rate. The City's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Net Pension Liability at June 30, 2020	Proportionate Rate at June 30, 2020	Increase (Decrease) to June 30, 2019 Rate
City of Bogalusa Employees' Retirement System	\$ 14,415,528	Not Applicable	Not Applicable
Multiple Employer Cost Sharing Plans:			
Municipal Employees' Retirement System Plan A	173,944	0.0402%	-0.0005%
Municipal Police Employees' Retirement System	5,773,924	0.6247%	0.0149%
Firefighters' Retirement System	3,341,471	0.4821%	-0.0354%
Total - Multiple Employer Cost Sharing Plans:	<u>9,289,339</u>		
	<u>\$ 23,704,867</u>		

The following schedule lists each pension plan's recognized pension expense of the City for the year ended December 31, 2020:

	Total
City of Bogalusa Employees' Retirement System	\$ (2,054,117)
Municipal Employees' Retirement System Plan A	25,873
Municipal Police Employees' Retirement System	903,626
Firefighters' Retirement System	460,997
	<u>\$ (663,621)</u>

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 461,040	\$ (637,285)
Changes of assumptions	463,143	(5,211,866)
Net difference between projected and actual earnings on pension plan investments	1,078,037	(78,845)
Changes in proportion and differences between Employer contributions and proportionate share of contributions (cost sharing plans only)	140,771	(499,814)
Employer contributions subsequent to the measurement date	3,361,614	-
Total	<u>\$ 5,504,605</u>	<u>\$ (6,427,810)</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City of Bogalusa Employees' Retirement System	\$ 3,271,453	\$ (5,343,302)
Municipal Employees' Retirement System Plan A	32,205	(2,615)
Municipal Police Employees' Retirement System	1,277,493	(381,192)
Firefighters' Retirement System	923,454	(700,701)
	<u>\$ 5,504,605</u>	<u>\$ (6,427,810)</u>

The following table lists the City's contributions to each retirement system that is reported as deferred outflow of resources related to pension made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2021. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
City of Bogalusa Employees' Retirement System	\$ 2,810,494
Municipal Employees' Retirement System Plan A	11,559
Municipal Police Employees' Retirement System	350,160
Firefighters' Retirement System	189,401
	<u>\$ 3,361,614</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	COBERS	MERS	MPERS	FRSL	Total
2021	\$ (2,797,337)	\$ 6,736	\$ 53,539	\$ (64,950)	\$ (2,802,012)
2022	(2,108,659)	4,807	201,160	49,346	(1,853,346)
2023	(11,661)	3,944	159,891	80,080	232,254
2024	35,314	2,544	131,551	11,019	180,428
2025	-	-	-	(21,386)	(21,386)
2026	-	-	-	(20,757)	(20,757)
	<u>\$ (4,882,343)</u>	<u>\$ 18,031</u>	<u>\$ 546,141</u>	<u>\$ 33,352</u>	<u>\$ (4,284,819)</u>

Payables to the Pension Plan

The City recorded accrued liabilities to each of the Retirement Systems for the year ended December 31, 2020 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at December 31, 2020 is as follows:

	December 31, 2020
COBERS	\$ 235,522
MERS	-
MPERS	-
FRSL	-
	<u>\$ 235,522</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2020 are as follows:

	COBERS	MERS	MPERS	FPSL
Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:				
Expected Remaining Service Lives	3 years	3 years	4 years	7 years
Investment Rate of Return	6.50% net of investment expenses (increased from prior year 4.06%)	6.95% net of investment expenses (decreased from prior year 7.00%)	6.95% net of investment expenses (decreased from prior year of 7.125%)	7.00% net of fees (decrease from prior year of 7.15%)
Inflation Rate	3.500%	2.500%	2.500%	2.500% per annum
Mortality	For pre-retirement and post-retirement mortality, the rates of the PubG-2010 (headcount weighted below median) tables were used. The mortality assumptions for all participants are sex distinct with mortality improvement projected generationally using scale MP-2020 and a base year of 2010.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.	The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following: For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees. For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees. In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.
Salary Increases	It has been assumed that employees' compensation will increase with each year of employment with annual salary increases average 4.5% per year of employment and with aggregate payroll increases on the average 2.5% per year.			14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases (in 2019, salary increases ranged from 14.75% in the first two years of service to 4.50% with 25 or more years of service).
		Years of Service	Years of Service	
		1 - 4 - 6.4%-Plan A and 7.4%-Plan B 4 & Over - 4.5%-Plan A and 4.9%-Plan B	1 - 2 - 12.30% Above 2 - 4.70%	
Cost of Living Adjustments	A cost-of-living adjustment not to exceed 2% of the base benefit may be paid to all retirees and beneficiaries who are age 65 or more. If given, such raises are to be funded from deemed "excess" investment earnings over 6.50%. The raises must be approved by the City Council and are allowed on July 1, 1982 and every subsequent July 1.	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.	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.	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

COBERS	MERS	MPERS	FRSL
The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each asset allocation. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The average invested assets in each asset allocation for the current fiscal year is presented in the chart below. The discount rate was calculated at 6.5%	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of and an adjustment for the effect of balancing or diversification.	The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long term rate of return is 6.95% for the year ended June 30, 2020.	The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020. The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source. Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2020 are summarized FRS' target asset allocation as of June 30, 2020.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2020:

Asset Class	Target Allocation				Long-Term Expected Real Rate of Return			
	COBERS	MERS	MPERS	FRSL	COBERS	MERS	MPERS	FRSL
Public equity	-	53.00%	-	-	-	2.33%	-	-
Equity	50.00%	-	48.50%	54.00%	6.840%	-	3.08%	26.80%
Public fixed income	-	38.00%	-	-	-	1.67%	-	-
Fixed Income	35.00%	-	33.50%	31.00%	1.710%	-	0.54%	4.40%
Alternatives	-	9.00%	18.00%	15.00%	-	0.40%	1.02%	14.49%
International equity	10.00%	-	-	-	6.490%	-	-	-
International fixed income	5.00%	-	-	-	2.890%	-	-	-
Other	-	-	-	-	-	-	-	8.44%
Total	100.00%	100.00%	100.00%	100.00%		4.40%	4.64%	
Inflation						2.60%	2.55%	
Expected Arithmetic Nominal Return						7.00%	7.19%	

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

14. PENSION PLANS (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for COBERS, MERS, MPERS and FRSL was 6.500%, 6.950%, 6.950%, and 7.000% for the year ended June 30, 2020.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
COBERS			
Rates	5.500%	6.500%	7.500%
City of Bogalusa Share of NPL	\$ 16,356,934	\$ 14,415,528	\$ 12,790,664
MERS			
Rates	5.950%	6.950%	7.950%
City of Bogalusa Share of NPL	\$ 226,282	\$ 173,944	\$ 129,690
MPERS			
Rates	5.950%	6.950%	7.950%
City of Bogalusa of NPL	\$ 8,111,748	\$ 5,773,924	\$ 3,819,600
FRSL			
Rates	6.000%	7.00%	8.000%
City of Bogalusa Share of NPL	\$ 4,826,722	\$ 3,341,471	\$ 2,101,725

15. RISK MANAGEMENT

Litigation and General Liability

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. The City attempts to minimize risk from significant losses by participating in a public entity risk pool. According to the participation contract, the City transfers all risk to the public entity risk pool. The City is only responsible for the payment of premiums and deductibles on claims; the public entity risk pool is responsible for the payment of claims excluding the deductible.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

15. RISK MANAGEMENT (continued)

Litigation and General Liability (continued)

On December 31, 2020, the City was a defendant in a number of lawsuits and other claims arising from the normal course of operations; most of which were being defended through the City's participation on the public entity risk pool. However, some of the claims were not covered through the risk pool and were thus handled through other hired counsel. The City Attorney has advised that his position on the suits covered under insurance is that they should be defended and/or settled within the policy limits. The lawsuits and claims not covered by insurance are also being vigorously defended. The ultimate disposition of all of these matters is unknown as of the date of issuance of these financial statements; however, certain of these matters could materially affect the City's financial condition if rulings are made in favor of the plaintiff or if the City chooses to settle these matters.

Worker's Compensation

In prior years, the City had a self-insured retention (deductible) of \$175,000 for worker's compensation. In 2009, the city purchased a full coverage worker's compensation insurance policy. No deductible is required; therefore, no reserve liability exists for claims incurred from 2009 forward. There is also no liability recorded in the Governmental Activities long-term debt for the City's retained risk pertaining to claims incurred prior to 2009 as of December 31, 2020, as there are no open claims that require a reserve liability.

Past Due Amounts

The City was in arrears to the public entity risk pool in which it participates for premiums due and amounts owed for past self-insured worker's compensation claims. The total amount owed to the risk pool entity was approximately \$373,000 at December 31, 2020. These amounts owed are included in accounts payable of the General Fund.

16. GRANTS FROM OTHER GOVERNMENTAL UNITS

Federal and state governmental units provide an important source of supplementary funding used to finance employment, construction programs, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded throughout all of the City's fund types. A grant receivable is recorded when the City has a right to reimbursement under the related grant, which is generally at the time an eligible expenditure has been incurred.

Most grants received by the City specify the purpose for which the grant monies are to be used and are subject to audit by the granting agency or, in the case of federal grants, the Single Audit Act. These audits may result in disallowed cost on previously received reimbursements requiring the City to return the funds to the grantor. Any potential return of funds is accounted for in accordance with FASB Statement No 5, Accounting for Contingencies, as made applicable under GASB Statement 62.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

16. GRANTS FROM OTHER GOVERNMENTAL UNITS (continued)

Grants and contribution revenues are to be categorized between operating and capital. The following categorization supports the grants and contribution revenues reported in the Statement of Activities:

<u>Function/Program</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
<u>Governmental Activities:</u>			
General government	\$ 49,641	\$ -	\$ 49,641
Public safety	3,396,813	-	3,396,813
Public works	-	998,115	998,115
Airport	172,943	176,613	349,556
	<u>\$ 3,619,397</u>	<u>\$ 1,174,728</u>	<u>\$4,794,125</u>

17. LEASES OF CITY PROPERTY

The City of Bogalusa has operating leases for various buildings, land and improvements. The lease's terms range from five years to fifteen years. Operating lease income for December 31, 2020 was \$392,971. The following is a schedule of future minimum lease commitments:

<u>Year</u>	<u>Amount</u>
2021	\$ 269,346
2022	147,600
2023	70,600
2024	33,000
2025	-
	<u>\$ 520,546</u>

18. COMPENSATION PAID TO CITY COUNCIL

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Judson Teddy Drummond	City Council - At Large	\$ 7,223
Penny Douglas	City Council - At Large	7,200
Gloria Kates	City Council - District A	7,200
Danielle Magee-Keys	City Council - District B	7,200
Oneita Graham	City Council - District C	7,200
Dorman K Kellis	City Council - District D	7,200
Marcus Irvine	City Council - District E	7,777
		<u>\$ 51,000</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

19. OPERATING ENVIRONMENT AND FINANCIAL DEFICIENCIES

In February 2019, the Louisiana Fiscal Review Committee voted to place the City under fiscal administration in accordance with Louisiana Revised Statute 39:1351. The Louisiana Fiscal Review Committee is composed of the Louisiana Legislative Auditor, the Attorney General, and the Treasurer. The decision to place the City under Fiscal Administration was due to the City's continued struggling financial situation particularly with the funding of the City of Bogalusa's Employees Retirement System and the ability to repay the liability due to the Choctaw Landfill Joint Venture. In May 2019, the Court appointed the City's fiscal administrator who was recommended by the Louisiana Legislative Auditor and Attorney General. The fiscal administrator will have broad authority over the City's finances and will investigate the financial situation of the City and report recommendations for changes to the Court, State Treasurer, Attorney General and the Legislative Auditor. The objective of the fiscal administration process is to make operational changes so that long term fiscal stability can be achieved. The fiscal administration appointment continued during 2020.

20. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Bogalusa (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Bogalusa's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided

Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service.

Life insurance coverage is provided to retirees and 100% of the rate (active and retired) is paid by the employer for the insurance amount of \$2,500. Insurance coverage while active is continued after retirement.

Employees covered by benefit terms

The December 31, 2020 total OPEB liability was determined using the December 31, 2019 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	119
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>135</u>
	<u>254</u>

Total OPEB Liability

The City's total OPEB liability of \$402,232 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

20. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions and other inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	3.0%, including inflation
Discount rate	2.74% annually (Beginning of Year to Determine ADC)
	2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

Changes in the Total OPEB Liability

Balance at December 31, 2019	\$ 440,523
Changes for the year:	
Service cost	5,188
Interest	12,141
Differences between expected and actual experience	(61,062)
Changes in assumptions	19,953
Benefit Payments and Net Transfers	(14,511)
Net changes	(38,291)
Balance at December 31, 2020	\$ 402,232

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.12%)	Current Discount Rate (2.12%)	1.0% Increase (3.12%)
Total OPEB liability	\$ 469,672	\$ 402,232	\$ 349,006

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

20. OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 393,431	\$ 402,232	\$ 412,373

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$15,428. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,785	\$ (50,676)
Changes in assumptions	58,745	(17,429)
Total	\$ 87,530	(68,105)

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

Years ending December 31:	
2021	\$ (1,901)
2022	(1,901)
2023	(1,901)
2024	8,376
2025	8,376
Thereafter	8,376
	\$ 19,425

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

21. TAX ABATEMENTS

The City of Bogalusa is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the City of Bogalusa has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending December 31, 2020, the City of Bogalusa only participated in the Industrial Tax Exemption Program.

Under the ITEP, as authorized by Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

Taxes abated for the fiscal year ended December 31, 2020 were as follows:

<u>Tax Abatement/Refund Program</u>	Amount of Taxes Abated During the Fiscal Year
Industrial tax Exemption Program	\$ 1,144,130

The following schedule identifies the abated taxes by fund:

Governmental Funds:

General Fund	\$ 742,976
Non-major governmental funds	328,727

Proprietary Funds:

Utility System	72,427
	<u>\$ 1,144,130</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2020

22. CONTINGENCIES AND COMMITMENTS

In 2013, the City entered into an agreement with the Louisiana Department of Environmental Quality for asbestos remediation for past, present and future demolitions of condemned/adjudicated properties in possession of the City. The City has committed to and has begun remediation of 140 demolitions from the past that were identified by the DEQ upon inspection. The City has completed remediation on a total of 52 properties through 12/31/2020 leaving a balance of 88 to complete. Two properties were completed during the 12/31/2020 fiscal year. In accordance with Governmental Accounting Standards Board Statement No 49, *Accounting and financial reporting for Pollution Remediation Liabilities*, an estimated liability of \$386,000 is recorded as payable for the past demolitions, for which remediation activities have already begun. Future demolitions are not estimable at this time.

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the City, vendors and employees, all of which are uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may directly or indirectly impact the City's financial condition or results of operations cannot be reasonably estimated at this time.

23. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

The Governmental Accounting Standards Board (GASB) issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement 95 changed the effective dates for accounting pronouncements scheduled to be implemented by the City. Following are recently issued pronouncements with the updated effective dates as changed by GASB 95 that may have to be reported in the City's financial statements in subsequent years:

GASB Statement 87, Leases: This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The City will include the requirements of this standard, as applicable, in its December 31, 2022 financial statement. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

24. SUBSEQUENT EVENT

In March 2021, the American Rescue Plan Act (ARPA) was passed by the US Congress and signed by the President of the United States. ARPA includes an allocation of \$195.3 billion in Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). Of the \$193.3 billion, a sub allocation was made to designate \$19.5 billion to non-entitlement units of local government – meaning populations of less than 50,000. The City of Bogalusa received an allocation of \$4,254,782 of which \$2,127,391 was received in June 2021 as the first payment with the remaining \$2,127,391 scheduled to be received in June 2022. The City is required to use these funds in accordance with ARPA or will be required to return the funds to the United States Treasury.

As described in Note 19, the City was appointed a fiscal administrator in accordance with R.S. 39:1351 for the purpose of making operational changes to achieve long term fiscal stability for the City. The fiscal administrator appointment concluded in August 2021.

Required Supplemental
Information (Part II)

CITY OF BOGALUSA, LOUISIANA

**SCHEDULE OF CHANGES IN TOTAL OTHER
POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2020**

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered employee payroll	Total OPEB liability as a percentage of covered employee payroll
12/31/2020	12/31/2020	\$ 5,188	\$ 12,141	\$ (61,062)	\$ 19,953	\$ (14,511)	\$ (38,291)	\$ 440,523	\$ 402,232	\$ 4,258,351	9.45%
12/31/2019	12/31/2019	2,670	14,192	38,380	58,373	(17,896)	95,719	344,804	440,523	4,814,155	9.15%
12/31/2018	12/31/2018	3,251	12,599	(7,319)	(26,143)	(2,199)	(19,811)	364,615	344,804	4,673,937	7.38%

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

CITY OF BOGALUSA, LOUISIANA
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended December 31, 2020 (*)

Year	Pension Plan	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	MERS (Plan A)	0.0402%	\$ 173,944	\$ 76,898	226.2009%	64.5220%
2019	MERS (Plan A)	0.0408%	170,408	75,493	225.7269%	64.6752%
2018	MERS (Plan A)	0.0404%	167,859	74,013	226.7966%	63.9406%
2017	MERS (Plan A)	0.0415%	173,533	74,246	233.7271%	62.4940%
2016	MERS (Plan A)	0.0386%	158,091	48,131	328.4598%	62.1103%
2015	MERS (Plan A)	0.0334%	119,146	56,906	209.3734%	66.1790%
2014	MERS (Plan A)	0.0324%	83,125	62,719	132.5356%	73.9900%
2020	MPERS	0.6247%	\$ 5,773,924	\$ 1,929,606	299.2281%	70.9450%
2019	MPERS	0.6098%	5,538,314	1,900,055	291.4818%	71.0078%
2018	MPERS	0.6121%	5,175,137	1,807,951	286.2432%	71.8871%
2017	MPERS	0.6094%	5,320,084	1,803,009	295.0670%	70.0815%
2016	MPERS	0.6381%	5,980,832	1,786,352	334.8070%	66.0422%
2015	MPERS	0.7028%	5,505,641	1,727,198	318.7614%	70.7300%
2014	MPERS	0.7744%	4,844,528	1,863,353	259.9898%	75.1010%
2020	FRSL	0.4821%	\$ 3,341,471	\$ 1,200,158	278.4193%	72.6117%
2019	FRSL	0.5174%	3,240,332	1,249,036	259.4266%	73.9643%
2018	FRSL	0.5314%	3,056,372	1,270,215	240.6185%	74.7634%
2017	FRSL	0.5820%	3,336,005	1,368,523	243.7668%	73.5479%
2016	FRSL	0.5631%	3,682,876	1,269,799	290.0361%	68.1550%
2015	FRSL	0.6181%	3,335,696	1,212,206	275.1757%	72.4480%
2014	FRSL	0.6475%	2,881,461	1,412,941	203.9336%	76.0150%

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

(*) The amounts presented have a measurement date of June 30th for the year identified.

The three Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

CITY OF BOGALUSA, LOUISIANA
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended December 31, 2020

Year	Pension Plan:	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
2020	MERS (Plan A)	\$ 22,267	\$ 22,267	\$ -	\$ 77,771	28.6315%
2019	MERS (Plan A)	20,467	20,467	-	76,141	26.8804%
2018	MERS (Plan A)	18,972	18,972	-	74,751	25.3803%
2017	MERS (Plan A)	17,411	17,411	-	73,285	23.7579%
2016	MERS (Plan A)	15,118	15,118	-	70,791	21.3558%
2015	MERS (Plan A)	8,845	8,845	-	44,786	19.7495%
2014	MERS (Plan A)	12,175	12,175	-	63,235	19.2536%
2020	MPERS	\$ 674,058	\$ 674,058	\$ -	\$ 2,034,122	33.1375%
2019	MPERS	606,288	606,288	-	1,872,730	32.3746%
2018	MPERS	594,793	594,793	-	1,887,441	31.5132%
2017	MPERS	552,717	552,717	-	1,766,587	31.2873%
2016	MPERS	543,670	543,670	-	1,762,885	30.8398%
2015	MPERS	530,514	530,514	-	1,742,235	30.4502%
2014	MPERS	583,058	583,058	-	1,866,063	31.2454%
2020	FRSL	\$ 352,316	\$ 352,316	\$ -	\$ 1,174,371	30.0004%
2019	FRSL	335,756	335,756	-	1,238,086	27.1190%
2018	FRSL	328,753	328,753	-	1,240,579	26.5000%
2017	FRSL	340,232	340,232	-	1,315,095	25.8713%
2016	FRSL	342,473	342,473	-	1,308,677	26.1694%
2015	FRSL	345,454	345,454	-	1,226,730	28.1606%
2014	FRSL	373,519	373,519	-	1,299,057	28.7531%

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered payroll amount for the year ended December 31 of each year

The three Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

CITY OF BOGALUSA, LOUISIANA
Notes to the Required Supplemental Information
December 31, 2020
(UNAUDITED)

a. Changes in benefit terms and assumptions related to total other post-employment benefit liability

Changes of Benefit Terms

There were no changes to the benefit terms that affected the total OPEB liability

Changes of Assumptions

Discount Rate assumption

Measurement Date	Rate	Change
12/31/2020	2.12%	(0.62%)
12/31/2019	2.74%	(1.36%)
12/31/2018	4.10%	0.66%
12/31/2017	3.44%	

Mortality assumption

The mortality rate table used in the actuarial valuation changed from RP-2000 Mortality Table to the SOA RP-2014 Combined Table for the year ended December 31, 2020, the end of the current measurement period.

Healthcare Cost Trend Rate assumption

The healthcare cost trend rate changed from an annual flat 5.5% rate to a variable rate (see Note 20) for the year ended December 31, 2020, the end of the current measurement period.

b. Changes in benefit terms and assumptions related to multiple employer cost sharing pension plans

Changes of Benefit Terms include:

Municipal Employees' Retirement System (MERS)

- No Changes

Municipal Police Employees' Retirement System (MPERS)

- No Changes

Firefighters' Retirement System Louisiana (FRSL)

- No Changes

CITY OF BOGALUSA, LOUISIANA
Notes to the Required Supplemental Information
December 31, 2020
(UNAUDITED)

b. Changes in benefit terms and assumptions related to multiple employer cost sharing pension plans (continued)

Changes of Assumptions

Discount Rate assumption

The following discount rate changes were made to the pension plans identified in the following table:

Discount Rate: Year (*)	Rate	Change
MERS		
2020	6.950%	-0.050%
2019	7.000%	-0.275%
2018	7.275%	-0.125%
2017	7.400%	-0.100%
2016	7.500%	0.000%
2015	7.500%	-0.250%
2014	7.750%	
MPERS		
2020	6.950%	-0.175%
2019	7.125%	-0.075%
2018	7.200%	-0.125%
2017	7.325%	-0.175%
2016	7.500%	0.000%
2015	7.500%	0.000%
2014	7.500%	
FRSL		
2020	7.000%	-0.150%
2019	7.150%	-0.150%
2018	7.300%	-0.100%
2017	7.400%	-0.100%
2016	7.500%	0.000%
2015	7.500%	

(*) The amounts presented have a measurement date of the previous

CITY OF BOGALUSA, LOUISIANA
Schedule of Changes in Net Pension Liability and Related Ratios
City of Bogalusa Employees' Retirement System only
For the Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
Total pension liability:						
Service Cost	\$ 385,555	\$ 510,150	\$ 577,141	\$ 640,501	\$ 450,028	\$ 573,567
Interest	1,002,661	813,074	812,035	825,027	510,581	802,188
Difference between expected and actual experience	(292,625)	1,382,875	(762,795)	(2,493,396)	4,249,842	(472,600)
Changes in assumptions	(5,952,127)	(3,303,869)	-	-	-	-
Benefit payments	(1,063,390)	(1,051,310)	(1,133,375)	(1,128,999)	(1,152,324)	(1,050,370)
Net change in total pension liability	(5,919,926)	(1,649,080)	(506,994)	(2,156,867)	4,058,127	(147,215)
Total pension liability - beginning	24,842,218	26,491,298	26,998,292	29,155,159	25,097,032	25,244,247
Total pension liability - ending	<u>\$ 18,922,292</u>	<u>\$ 24,842,218</u>	<u>\$ 26,491,298</u>	<u>\$ 26,998,292</u>	<u>\$ 29,155,159</u>	<u>\$ 25,097,032</u>
Plan fiduciary net position:						
Contributions employer	\$ 1,041,061	\$ 736,243	\$ 421,769	\$ 397,604	\$ 371,358	\$ 348,426
Contributions employee	134,404	128,401	122,155	109,830	98,567	97,978
Net investment income (loss)	105,991	234,872	200,457	359,096	(14,146)	248,314
Benefit payments, refunds and expenses	(1,063,390)	(1,051,310)	(1,133,375)	(1,128,999)	(1,152,324)	(1,050,859)
Other	(4,842)	(1,191)	(1,416)	(1,702)	(2,338)	-
Change in plan fiduciary net position	213,224	47,015	(390,410)	(264,171)	(698,883)	(356,141)
Plan fiduciary net position - beginning	4,293,540	4,246,525	4,636,935	4,901,106	5,599,989	5,956,130
Plan fiduciary net position - ending	<u>\$ 4,506,764</u>	<u>\$ 4,293,540</u>	<u>\$ 4,246,525</u>	<u>\$ 4,636,935</u>	<u>\$ 4,901,106</u>	<u>\$ 5,599,989</u>
Net pension liability - beginning	\$ 20,548,678	\$ 22,244,773	\$ 22,361,357	\$ 24,254,053	\$ 19,497,043	\$ 19,497,043
Change in net pension liability	(6,133,150)	(1,696,095)	(116,584)	(1,892,696)	4,757,010	208,926
Net pension liability - ending	<u>\$ 14,415,528</u>	<u>\$ 20,548,678</u>	<u>\$ 22,244,773</u>	<u>\$ 22,361,357</u>	<u>\$ 24,254,053</u>	<u>\$ 19,705,969</u>
Plan fiduciary net position as a percentage of the total pension liability	23.82%	17.28%	16.03%	17.17%	16.81%	22.31%

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

CITY OF BOGALUSA, LOUISIANA
Schedule of Single Employer Plan Contributions
City of Bogalusa Employees' Retirement System only
For the Year Ended June 30, 2020

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,424,671	\$ 1,114,238	\$ 1,160,114	\$ 1,126,471	\$ 1,100,137
Contributions in relation to the actuarially determined contribution	1,175,465	864,644	543,924	507,434	469,925
Contribution deficiency (excess)	249,206	249,594	616,190	619,037	630,212
Covered payroll	\$ 2,240,053	\$ 2,137,612	\$ 2,023,237	\$ 1,856,076	\$ 1,642,781
Actuarially determined contributions as a percentage of covered payroll	63.60%	52.13%	57.34%	60.69%	66.97%
Actual contributions in relation to actuarially determined contributions as a percentage of covered payroll	52.47%	40.45%	26.88%	27.34%	28.61%
Contribution deficiency (excess) as a percentage of covered payroll	11.13%	11.68%	30.46%	33.35%	38.36%

Notes to schedule:

Actuarial cost method	Entry age normal cost
Amortization method	Level dollar, closed
Remaining amortization period	30 years - Unfunded Accrued Liability (UAL) as of 6/30/2013 15 years - Changes in UAL after 6/30/2013
Asset valuation method	Market value
Discount rate	4.06% - 2019, 3.071% - 2018, 2.878% - 2017; 2.093% - 2016; 3.208% 2015 and 2014
Inflation	3.50%
Salary increases	4.5% average per year of employment and increase 2.5% per year of aggregate payroll
Investment rate of return	6.50%
Retirement age	It has been assumed that retirements will not occur at any one age, but that the plan will experience retirements at different rates from age 50 through age 69. It is assumed that everyone will retire by the age of 69.
Mortality	For pre-retirement and post-retirement mortality, the rates of the 2019 Applicable Mortality Table (Optional Combined Table for Small Plans) were used. This table is a recent study of group annuitant mortality and should be representative of the pension plan's experience.

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

CITY OF BOGALUSA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 2,242,100	\$ 2,448,410	\$ 2,445,345	\$ (3,065)
Sales taxes	2,963,175	3,247,675	3,236,820	(10,855)
Other taxes	24,270	17,180	17,093	(87)
Licenses and permits	391,080	385,465	390,841	5,376
Franchise fees	301,110	307,680	326,229	18,549
Intergovernmental	451,970	3,236,825	3,186,931	(49,894)
Charges for services	101,450	126,965	130,008	3,043
Fines	150,000	119,780	121,763	1,983
Interest	1,265	1,015	1,090	75
Miscellaneous	119,390	164,915	179,574	14,659
Total revenues	6,745,810	10,055,910	10,035,694	(20,216)
Expenditures:				
Current -				
General government	2,915,475	2,746,840	2,668,084	78,756
Public safety	5,187,055	5,403,395	5,526,019	(122,624)
Public works	1,674,585	1,616,850	1,612,066	4,784
Airport	121,695	121,890	77,533	44,357
Capital outlay	-	37,735	12,000	25,735
Intergovernmental	261,965	266,150	267,013	(863)
Total expenditures	10,160,775	10,192,860	10,162,715	30,145
Deficiency of revenues under expenditures	(3,414,965)	(136,950)	(127,021)	9,929
Other financing sources (uses):				
Proceeds from disposal of capital assets	1,000	-	-	-
Transfers to other funds	(116,470)	(476,470)	(363,860)	112,610
Transfers from other funds	3,303,615	2,787,140	2,764,001	(23,139)
	3,188,145	2,310,670	2,400,141	89,471
Net change in fund balance	(226,820)	2,173,720	2,273,120	99,400
Fund balance, beginning	467,767	367,424	367,426	2
Fund balance, ending	\$ 240,947	\$ 2,541,144	\$ 2,640,546	\$ 99,402

See accompanying independent auditor's report.

CITY OF BOGALUSA
SCHEDULE OF REVENUES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Taxes:				
Ad valorem taxes	\$ 2,242,100	\$ 2,448,410	\$ 2,445,345	\$ (3,065)
Sales tax	2,963,175	3,247,675	3,236,820	(10,855)
Beer tax	16,000	16,820	16,733	(87)
Bogalusa Housing Authority taxes	7,800	-	-	-
Tax certificates	470	360	360	-
Total taxes	5,229,545	5,713,265	5,699,258	(14,007)
Licenses and permits:				
Occupational licenses and interest	380,000	369,200	376,191	6,991
Alcoholic beverages licenses and permits	11,000	13,695	13,695	-
Electrical permits	-	325	475	150
Miscellaneous permits	80	30	30	-
Burial Permits and other	-	2,215	450	(1,765)
Total licenses and permits	391,080	385,465	390,841	5,376
Franchise fees				
Entergy Electrical	195,000	208,055	220,927	12,872
Centerpoint Natural Gas	90,000	76,690	82,197	5,507
Bell South / AT&T Franchise Fee	15,500	22,325	22,645	320
Southern Lighting of LA	610	610	460	(150)
Total franchise fees	301,110	307,680	326,229	18,549
Intergovernmental:				
State Supplemental Pay	349,000	343,390	349,200	5,810
Coronavirus Relief Funds	-	2,706,975	2,706,975	-
Airport State Grant	50,000	100,350	39,126	(61,224)
Louisiana Safety Commission Grant	-	17,630	23,150	5,520
Bogalusa School Board	52,970	26,485	26,484	(1)
Department of Justice Grant	-	41,995	41,996	1
Total intergovernmental	451,970	3,236,825	3,186,931	(49,894)

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF REVENUES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Charges for services:				
Zoning change charges	\$ 500	\$ 1,000	\$ 1,000	\$ -
Wreck and fire reports	7,325	6,905	7,135	230
Pound fees	310	335	335	-
Witness fees	6,795	6,450	6,740	290
Recording deeds	(6,030)	(4,860)	(5,300)	(440)
Research fees	2,700	3,660	4,225	565
Bonding fees	25,130	42,155	42,805	650
Fingerprint fees	3,930	2,040	2,120	80
Archon collection fee	60,790	69,280	70,923	1,643
Miscellaneous	-	-	25	25
Total charges for services	101,450	126,965	130,008	3,043
Fines and Penalties				
Court Fines	150,000	119,780	121,763	1,983
Total fines	150,000	119,780	121,763	1,983
Interest:				
Interest earned	220	400	475	75
Cassidy Park Campground Donations & Interest	1,025	570	573	3
Main Street Donations & Interest	10	10	7	(3)
Retirement Interest Earned	10	35	35	-
Total interest earned	1,265	1,015	1,090	75
Miscellaneous:				
2% fire insurance	59,000	60,515	60,515	-
Cemetery plot sales	11,000	19,600	21,000	1,400
Airport income	3,050	3,150	3,150	-
Returned checks charges	-	35	35	-
Police seized funds	-	10,880	12,218	1,338
Over and short	-	25	108	83
Sale of adjudicated property	-	5,025	5,024	(1)
Xerox receipts	-	230	229	(1)
Rental Income	900	940	938	(2)
Worker's Compensation Reimbursement	-	16,445	22,430	5,985
Other miscellaneous revenue	45,440	48,070	53,927	5,857
Total miscellaneous	119,390	164,915	179,574	14,659
TOTAL REVENUES	\$ 6,745,810	\$ 10,055,910	\$ 10,035,694	\$ (20,216) (concluded)

See accompanying independent auditor's report.

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
General Government:				
<i>City Council:</i>				
Salaries and wages	\$ 80,850	\$ 90,970	\$ 91,699	\$ (729)
Contract overtime	1,035	1,035	1,033	2
Overtime	-	125	126	(1)
Supplies and expense	6,715	5,240	6,389	(1,149)
Employee group insurance	7,730	7,920	8,602	(682)
Auditing fees	80,000	55,375	45,376	9,999
Publications	8,335	2,300	4,347	(2,047)
City Employment Retirement System	3,400	3,405	3,402	3
Payroll Tax Expense	4,350	5,135	5,132	3
<i>Total City Council</i>	<u>192,415</u>	<u>171,505</u>	<u>166,106</u>	<u>5,399</u>
<i>Mayor's Office:</i>				
Salaries and wages	108,740	108,655	109,645	(990)
Contract overtime	1,070	1,070	1,070	-
Overtime	-	-	-	-
Supplies and expense	14,910	8,005	7,043	962
Gas and oil	2,000	1,310	907	403
Employee group insurance	15,460	15,840	15,842	(2)
Travel	1,100	-	178	(178)
Dues and subscriptions	-	-	2,381	(2,381)
City Employment Retirement System	3,520	3,515	3,515	-
Mayor's Municipal State Retirement System	21,600	22,270	22,267	3
Payroll Tax Expense	1,595	1,590	1,591	(1)
<i>Total Mayor's Office</i>	<u>169,995</u>	<u>162,255</u>	<u>164,439</u>	<u>(2,184)</u>
<i>City Attorney:</i>				
Legal and professional	24,040	24,000	24,040	(40)
<i>Total City Attorney</i>	<u>24,040</u>	<u>24,000</u>	<u>24,040</u>	<u>(40)</u>
<i>City Prosecutor:</i>				
Salaries and wages	54,770	54,745	55,241	(496)
Contract overtime	1,065	1,065	1,065	-
Overtime	1,500	2,135	1,952	183
Supplies and expense	800	500	496	4
Employee group insurance	7,730	7,920	7,921	(1)
City Employment Retirement System	3,665	3,720	3,712	8
Payroll Tax Expense	2,320	2,325	2,326	(1)
<i>Total City Prosecutor</i>	<u>\$ 71,850</u>	<u>\$ 72,410</u>	<u>\$ 72,713</u>	<u>\$ (303)</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Personnel:				
Salaries and wages	\$ 45,845	\$ 45,810	\$ 46,229	\$ (419)
Supplies and expense	500	285	185	100
Employee group insurance	7,730	7,920	7,921	(1)
Travel	100	-	151	(151)
City Employment Retirement System	5,045	5,040	5,039	1
Payroll Tax Expense	-	-	1	(1)
Total personnel	59,220	59,055	59,526	(471)
Administration and Finance:				
Salaries and wages	258,850	262,385	264,746	(2,361)
Contract overtime	4,645	4,660	4,597	63
Overtime	1,500	2,330	2,353	(23)
Uniform expense	1,400	1,400	1,400	-
Supplies and expense	30,575	34,200	33,758	442
Gas and oil	250	100	44	56
Employee group insurance	46,380	40,285	40,285	-
Travel	150	-	-	-
Contract labor - pension records	12,000	-	-	-
City Employment Retirement System	29,990	23,490	23,459	31
Payroll Tax Expense	3,955	4,070	4,067	3
Total administration and finance	389,695	372,920	374,709	(1,789)
Purchasing:				
Salaries and wages	30,565	30,565	30,844	(279)
Overtime	-	35	33	2
Supplies and expense	1,000	215	170	45
Advertising	5,515	445	366	79
City Employment Retirement System	3,360	3,365	3,366	(1)
Payroll Tax Expense	445	445	444	1
Total purchasing	\$ 40,885	\$ 35,070	\$ 35,223	\$ (153)

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<i>General and Administrative:</i>				
Interest expense	4,700	7,270	1,579	5,691
Insurance expense	1,101,995	974,655	874,046	100,609
Legal and other professional	285,000	278,645	371,205	(92,560)
Utilities expense	315,790	260,725	242,272	18,453
Coronor's expense	34,475	39,700	44,844	(5,144)
Wash. Parish Veterans Office	14,550	7,135	5,945	1,190
Municipal fire and police - civil service	3,600	3,600	3,750	(150)
Employee Relations	-	-	4,050	(4,050)
Bonding fees expense	12,850	-	3,376	(3,376)
Assessor's expenses	6,400	6,400	5,811	589
Advertising	11,620	20,330	22,851	(2,521)
Youth Services	1,500	-	-	-
Miscellaneous	39,010	23,220	20,408	2,812
Election expense	20,000	20,000	19,083	917
Planning and zoning	3,600	3,660	3,660	-
Sales Tax Collection Expense	45,170	47,685	-	47,685
Centenial Jubilee and beautification expenses	1,000	-	-	-
City beautification project	2,000	1,000	-	1,000
ARCHON Information Services	64,115	75,600	65,718	9,882
March Flood Expenses	-	80,000	82,730	(2,730)
<i>Total general and administrative</i>	1,967,375	1,849,625	1,771,328	78,297
Total general government	\$ 2,915,475	\$ 2,746,840	\$ 2,668,084	\$ 78,756

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Public Safety</u>				
<i>Police:</i>				
Salaries and wages	\$ 1,373,055	\$ 1,337,755	\$ 1,359,756	\$ (22,001)
Contract overtime	139,100	137,640	137,666	(26)
Overtime	105,990	214,760	220,340	(5,580)
State supplemental pay	168,500	169,420	174,333	(4,913)
Uniform allowance	16,400	14,340	12,572	1,768
Supplies and expense	54,515	52,960	60,574	(7,614)
Signs and maintenance	2,760	2,510	3,548	(1,038)
Gas and oil	55,000	48,950	35,076	13,874
Tools and small equipment	-	15,470	13,168	2,302
Employee group insurance	293,730	277,570	278,929	(1,359)
Travel	5,775	5,690	6,584	(894)
Repairs - equipment and radios	2,340	500	325	175
Equipment	11,540	-	82,282	(82,282)
Special investigations	500	500	300	200
Education and training	6,940	6,230	6,050	180
City Employment Retirement System	3,085	3,085	3,082	3
Reserve Officer Expenses	7,000	14,600	13,825	775
Police State Pension	535,835	538,000	534,220	3,780
Payroll Tax Expense	25,905	27,095	26,950	145
Bonding Fees	-	83,320	1,036	82,284
<i>Total police</i>	<u>2,807,970</u>	<u>2,950,395</u>	<u>2,970,616</u>	<u>(20,221)</u>
<i>Fire:</i>				
Salaries and wages	1,172,645	1,163,870	1,173,373	(9,503)
Contract overtime	140,030	124,900	124,100	800
Overtime	68,215	265,775	281,006	(15,231)
Holiday pay	75,000	-	71,748	(71,748)
State supplemental pay	168,500	161,970	162,867	(897)
Tools and small equipment	-	22,880	23,394	(514)
Uniform allowance	10,875	9,265	9,225	40
Supplies and expense	24,690	20,460	28,924	(8,464)
Equipment	28,920	31,045	25,370	5,675
Gas and oil	15,720	13,390	11,597	1,793
Employee group insurance	239,620	240,000	236,195	3,805
Travel	3,500	6,640	4,450	2,190
Repair - equipment	10,030	10,840	16,215	(5,375)
Education and training	9,000	1,145	10,504	(9,359)
Fire State Pension	388,785	356,570	352,316	4,254
Payroll Tax Expense	23,555	24,250	24,119	131
<i>Total fire</i>	<u>2,379,085</u>	<u>2,453,000</u>	<u>2,555,403</u>	<u>(102,403)</u>
Total public safety	<u>\$ 5,187,055</u>	<u>\$ 5,403,395</u>	<u>\$ 5,526,019</u>	<u>\$ (122,624)</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Public Works				
<i>Public works - central:</i>				
Salaries and wages	\$ 783,110	\$ 725,500	\$ 747,164	\$ (21,664)
Overtime	41,185	90,890	86,834	4,056
Contract overtime	1,905	1,905	1,906	(1)
Allowance - rainsuits, clothing	2,450	2,240	2,180	60
Supplies and expense	41,780	23,230	23,477	(247)
Equipment	15,910	-	-	-
Gas and oil	56,050	46,090	32,536	13,554
Tools and Equipment	19,055	16,960	13,783	3,177
Cemetery maintenance materials	8,510	4,895	4,895	-
Uniform expense	24,105	15,340	13,790	1,550
Employee group insurance	208,700	175,550	176,231	(681)
Travel	-	500	418	82
Education & Training	-	45	45	-
Repairs - equipment	1,000	1,425	927	498
City Employment Retirement System	80,415	77,840	77,613	227
Payroll Tax Expense	14,660	14,520	14,516	4
<i>Total public works - central</i>	<u>1,298,835</u>	<u>1,196,930</u>	<u>1,196,315</u>	<u>615</u>
<i>Public works - electrical:</i>				
Salaries and wages	42,810	42,800	43,188	(388)
Overtime	3,000	10,730	10,212	518
Allowance - rainsuits, clothing	130	130	130	-
Supplies and expense	11,310	2,580	3,756	(1,176)
Tools and equipment	5,000	-	-	-
Employee group insurance	7,730	7,920	7,921	(1)
City Employment Retirement System	5,040	5,765	5,755	10
Payroll Tax Expense	665	770	769	1
<i>Total public works - electrical</i>	<u>75,685</u>	<u>70,695</u>	<u>71,731</u>	<u>(1,036)</u>
<i>Public works - motor pool:</i>				
Salaries and wages	109,150	92,835	95,676	(2,841)
Overtime	6,000	25,100	24,916	184
Allowance - rainsuits, clothing	280	340	340	-
Supplies and expense	25,495	18,270	16,526	1,744
Tools and equipment	6,010	7,270	5,848	1,422
Gas and oil	8,000	8,715	5,808	2,907
Employee group insurance	30,920	25,050	25,051	(1)
Vehicle maintenance - general	3,580	1,575	1,396	179
Vehicle maintenance - police	49,935	77,750	73,742	4,008
Vehicle maintenance - fire	19,520	39,295	41,441	(2,146)
Vehicle maintenance - public works	27,870	38,355	38,480	(125)
Licenses - chauffeurs	550	135	135	-
City Employment Retirement System	11,055	12,825	12,934	(109)
Payroll Tax Expense	1,700	1,710	1,727	(17)
<i>Total public works - motor pool</i>	<u>300,065</u>	<u>349,225</u>	<u>344,020</u>	<u>5,205</u>
Total public works	<u>\$ 1,674,585</u>	<u>\$ 1,616,850</u>	<u>\$ 1,612,066</u>	<u>\$ 4,784</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Airport:				
State airport grant expense	\$ 50,000	\$ 38,325	\$ -	\$ 38,325
Utilities	40,000	49,180	49,786	(606)
Maintenance	19,855	19,430	14,093	5,337
Supplies and expense	6,340	7,295	6,606	689
Gas & oil	2,000	1,280	669	611
Insurance-Property Damage	3,500	6,380	6,379	1
Total airport	<u>121,695</u>	<u>121,890</u>	<u>77,533</u>	<u>44,357</u>
Capital outlay	<u>-</u>	<u>37,735</u>	<u>12,000</u>	<u>25,735</u>
Intergovernmental :				
City court personnel compensation	198,675	199,665	200,700	(1,035)
City court supplies and expense	63,290	66,485	66,313	172
Total intergovernmental	<u>261,965</u>	<u>266,150</u>	<u>267,013</u>	<u>(863)</u>
TOTAL EXPENDITURES	<u>\$ 10,160,775</u>	<u>\$ 10,192,860</u>	<u>\$ 10,162,715</u>	<u>\$ 30,145</u> (concluded)

See accompanying independent auditor's report.

CITY OF BOGALUSA
BUDGETARY COMPARISON SCHEDULE
INDUSTRIAL COMPLEX SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Sales Taxes	\$ 275,400	\$ 202,980	\$ 180,031	\$ (22,949)
Interest	1,080	1,155	1,119	(36)
Total revenues	<u>276,480</u>	<u>204,135</u>	<u>181,150</u>	<u>(22,985)</u>
Expenditures:				
General Government	-	-	2,018,029	(2,018,029)
Economic Development	189,610	146,680	155,661	(8,981)
Capital Outlay	61,870	-	-	-
Total expenditures	<u>251,480</u>	<u>146,680</u>	<u>2,173,690</u>	<u>(2,027,010)</u>
Excess (deficiency) of revenues over (under) expenditures	25,000	57,455	(1,992,540)	(2,049,995)
Other financing uses:				
Transfers out to other funds	(25,000)	(2,075,060)	(25,000)	2,050,060
	<u>(25,000)</u>	<u>(2,075,060)</u>	<u>(25,000)</u>	<u>2,050,060</u>
Net change in fund balance	<u>-</u>	<u>(2,017,605)</u>	<u>(2,017,540)</u>	<u>65</u>
Fund balance, beginning	<u>1,977,202</u>	<u>2,017,608</u>	<u>2,017,608</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,977,202</u>	<u>\$ 3</u>	<u>\$ 68</u>	<u>\$ 65</u>

See accompanying independent auditor's report.

Other Supplemental Information

Non-Major Governmental Funds

CITY OF BOGALUSA, LOUISIANA
Non-Major Governmental Funds
December 31, 2020

Special Revenue Funds

Employee Pay Raise Sales Tax - Accounts for the receipt of a 1/2 cent sales and use tax. The proceeds are dedicated to the purpose of paying salaries and benefits of City employees. The tax is for an indefinite period.

Street Improvement Sales Tax - Accounts for the receipt of 25% of a one-cent sales and use tax. The proceeds are dedicated to street and drainage repair, maintenance, operation and additions.

Capital Improvement Sales Tax - Accounts for the receipt of 15% of a one-cent sales and use tax. The proceeds are dedicated to the acquisition, operation, and maintenance of land, buildings, and equipment.

Industrial Complex Rent/Lease - Accounts for the receipt of rent from the Industrial Park. Expenditures are not legally restricted for any certain purpose.

Youth Recreation and Parks - Accounts for the receipt of 50% of a 4-mill ad valorem tax dedicated for acquiring, constructing, improving, operating and maintaining parks and recreation facilities.

Jail Operations Sales Tax - Accounts for the receipt of one-third of one percent (1/3%) sales and use tax dedicated for improvements, maintenance and operation of the City Jail, including, but not limited to, the construction of additions to or expansions of the existing Bogalusa City Jail and for purchasing, maintaining and operating related equipment.

LCDBG Fund - Accounts for the receipt of the LCDBG grant dedicated to improvements and renovations of the water tower owned by the City.

Brownfields Assessment Grant Fund - Accounts for the receipt of Brownfields Assessment grant funds used for Type I assessments of property to be used for commercial purposes.

Retirement Special Fund - Accounts for the receipt of taxes that are dedicated for the City of Bogalusa Employees' Retirement System.

Landfill Fund - Accounts for the receipt of a 5-mill ad valorem tax dedicated to constructing, acquiring, improving, maintaining and/or operating landfill facilities for the city, including acquisition of land therefore. This fund also accounted for the City's investment in operations of the Choctaw Road Landfill, a joint venture with the Washington Parish Government; however, the joint venture was dissolved as of December 31, 2019.

Municipal Building Fund - Accounts for the receipt of a 2-mill ad-valorem tax dedicated to improvements and renovations to existing structures owned by the City.

Capital Projects Fund

Airport Expansion Fund - Accounts for the federal grant revenues and expenditures thereof for capital improvements at the George R. Carr Memorial Airport.

Debt Service Funds

General Obligation Bond Sinking Fund - Accumulates monies for payment of the \$1,750,000 General Obligations Revenue Bonds, Series 2007 for street overlay.

CITY OF BOGALUSA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds						
	Employee Pay Raise Sales Tax Fund	Street Improvement Sales Tax Fund	Capital Improvement Sales Tax Fund	Industrial Complex Rent/Lease Fund	Youth Recreation and Parks Fund	Jail Operations Sales Tax Fund	LCDBG Fund
ASSETS							
Cash and cash equivalents	\$ 5,470	\$ 220,627	\$ 581,442	\$ 238,976	\$ 80,556	\$ 704	\$ 133,175
Property taxes receivable	-	-	-	-	107,085	-	-
Accounts receivable	120,876	60,438	36,215	2,492	-	80,211	49,906
Due from other funds	-	118	-	-	1,510	281	-
TOTAL ASSETS	126,346	281,183	617,657	241,468	189,151	81,196	183,081
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 126,346	\$ 281,183	\$ 617,657	\$ 241,468	\$ 189,151	\$ 81,196	\$ 183,081
LIABILITIES							
Accounts payable	\$ -	\$ 2,706	\$ 1,720	\$ -	\$ 7,969	\$ 6,988	\$ 182,981
Accrued expenses	-	-	-	-	1,666	16,662	-
Due to other funds	125,346	-	-	-	-	22,322	-
TOTAL LIABILITIES	125,346	2,706	1,720	-	9,635	45,972	182,981
DEFERRED INFLOWS OF RESOURCES							
Unearned revenue	-	-	-	-	3,408	-	-
FUND BALANCES							
Restricted for:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	615,937	-	-	-	-
Maintenance	-	-	-	-	-	-	-
Special programs	1,000	278,477	-	241,468	176,108	35,224	100
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	1,000	278,477	615,937	241,468	176,108	35,224	100
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 126,346	\$ 281,183	\$ 617,657	\$ 241,468	\$ 189,151	\$ 81,196	\$ 183,081

(continued)

See accompanying independent auditor's report

CITY OF BOGALUSA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds				Capital Projects Fund	Debt Service Funds	Total Non- Major Governmental Funds
	Brownsfield Assessment Grant Fund	Retirement Special Mill Fund	Landfill Fund	Municipal Building Fund	Airport Expansion Fund	General Obligation Bond Sinking Fund	
ASSETS							
Cash and cash equivalents	\$ 5	\$ 159,263	\$ 193,492	\$ 402,561	\$ 42,960	\$ 299,231	\$ 2,358,462
Property taxes receivable	-	146,511	267,980	107,085	-	26,638	655,299
Accounts receivable	-	90,649	-	-	133,820	-	574,607
Due from other funds	-	3,092	3,779	1,510	-	376	10,666
Prepaid Expenses	-	-	-	-	-	-	-
TOTAL ASSETS	5	399,515	465,251	511,156	176,780	326,245	3,599,034
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 5	\$ 399,515	\$ 465,251	\$ 511,156	\$ 176,780	\$ 326,245	\$ 3,599,034
LIABILITIES							
Accounts payable	\$ -	\$ 394,850	\$ 287,294	\$ 2,477	\$ 75,945	\$ -	\$ 962,930
Accrued expenses	-	-	-	-	-	-	18,328
Due to other funds	-	-	-	-	100,835	-	248,503
Due to other governments	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	394,850	287,294	2,477	176,780	-	1,229,761
DEFERRED INFLOWS OF RESOURCES							
Property taxes unavailable for current year	-	4,665	8,531	3,415	-	848	20,867
FUND BALANCES							
Restricted for:							
Debt service	-	-	-	-	-	325,397	325,397
Capital projects	-	-	-	-	-	-	615,937
Maintenance	-	-	-	505,264	-	-	505,264
Special programs	5	-	169,426	-	-	-	901,808
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	5	-	169,426	505,264	-	325,397	2,348,406
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 5	\$ 399,515	\$ 465,251	\$ 511,156	\$ 176,780	\$ 326,245	\$ 3,599,034 (concluded)

See accompanying independent auditor's report

CITY OF BOGALUSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds						
	Employee Pay	Street	Capital	Industrial	Youth	Jail Operations	LCDBG Fund
	Sales Tax Fund	Improvement	Improvement	Complex	Recreation and	Sales Tax Fund	
		Sales Tax Fund	Sales Tax Fund	Rent/Lease	Parks Fund		
				Fund			
Revenues:							
Ad valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ 174,427	\$ -	\$ -
Sales Taxes	1,220,527	610,263	365,671	-	-	805,288	-
Intergovernmental	-	-	-	-	-	51,167	998,115
Interest	25	120	189	53	50	11	-
Rent	-	-	-	392,971	-	-	-
Miscellaneous	-	-	-	-	15,191	39,673	-
Total revenues	1,220,552	610,383	365,860	393,024	189,668	896,139	998,115
Expenditures:							
Current:							
Public safety	-	-	-	-	-	922,263	-
Public works	-	476,922	93,203	-	-	-	-
Landfill	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	155,942	-	-
Economic Development	-	-	-	58,126	-	-	-
Capital outlay	-	-	6,995	-	-	-	-
Debt Service:							
Capital lease payments	-	-	57,935	-	-	-	-
Interest	-	-	10,126	-	-	-	-
Total expenditures	-	476,922	168,259	58,126	155,942	922,263	-
Excess (deficiency) of revenues over (under) expenditures	1,220,552	133,461	197,601	334,898	33,726	(26,124)	998,115
Other financing sources (uses):							
Transfers to other funds	(1,220,552)	-	-	(305,000)	-	-	(998,115)
Transfers from other funds	-	-	-	-	142,382	-	-
	(1,220,552)	-	-	(305,000)	142,382	-	(998,115)
Net change in fund balance	-	133,461	197,601	29,898	176,108	(26,124)	-
Fund balance, beginning	1,000	145,016	418,336	211,570	-	61,348	100
Fund balance, ending	\$ 1,000	\$ 278,477	\$ 615,937	\$ 241,468	\$ 176,108	\$ 35,224	\$ 100

See accompanying independent auditor's report

(continued)

CITY OF BOGALUSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds			Capital Projects Fund	Debt Service Funds General Obligation Bond Sinking Fund	Total Non- Major Governmental Funds
	Brownsfield Assessment Grant Fund	Retirement Special Mill Fund	Landfill Fund	Airport Expansion Fund		
Revenues:						
Ad valorem Taxes	\$ -	\$ 238,631	\$ 436,473	\$ 174,421	\$ -	\$ 1,070,449
Sales Taxes	-	731,479	-	-	-	3,733,228
Intergovernmental	-	-	-	310,430	-	1,359,712
Interest	-	42	47	122	209	868
Rent	-	-	-	-	-	392,971
Miscellaneous	-	-	-	-	-	54,864
Total revenues	-	970,152	436,520	174,543	46,706	6,612,092
Expenditures:						
Current:						
General government	-	970,152	-	-	-	970,152
Public safety	-	-	-	-	-	922,263
Public works	-	-	-	-	-	570,125
Landfill	-	-	287,294	-	-	287,294
Culture and Recreation	-	-	-	77,580	-	233,522
Economic Development	-	-	-	-	-	58,126
Airport	-	-	-	133,819	-	133,819
Capital outlay	-	-	-	24,113	176,611	207,719
Debt Service -						
Capital lease payments	-	-	-	-	-	57,935
Principal	-	-	-	-	145,000	145,000
Interest	-	-	-	-	17,717	27,843
Total expenditures	-	970,152	287,294	101,693	162,717	3,613,798
Excess (deficiency) of revenues over (under) expenditures	-	-	149,226	72,850	(116,011)	2,998,294
Other financing sources (uses):						
Transfers to other funds	-	-	-	-	-	(2,523,667)
Transfers from other funds	-	-	-	-	94,921	237,303
	-	-	-	-	94,921	(2,286,364)
Net change in fund balance	-	-	149,226	72,850	(21,090)	711,930
Fund balance, beginning	5	-	20,200	432,414	346,487	1,636,476
Fund balance, ending	\$ 5	\$ -	\$ 169,426	\$ 505,264	\$ 325,397	\$ 2,348,406
See accompanying independent auditor's report.						(concluded)

Schedule Required by State Law LSA RS 24:513A(1)(a)(3)

CITY OF BOGALUSA, LOUISIANA
Schedule Required by State Law LSA RS 24:513A(1)(a)(3):
Schedule of Compensation, Benefits and Other Payments to Agency Head
December 31, 2020

The following schedule is required by Louisiana State Law LSA RS 24:513(1)(a)(3) on compensation and benefits paid to the agency head:

Agency Head Name: Wendy O'Quin Perrette, Mayor

Purpose	Amount
Salary	\$ 77,771
Benefits-insurance - health	7,921
Benefits-insurance - life	189
Benefits-retirement	22,267
Payroll Taxes	1,128
Car Allowance	907
Reimbursement or fuel	-
Per diem	-
Travel	178
Membership dues(LMA)	2,381
	<hr/>
	\$ 112,742

See accompanying independent auditor's report.

Schedules Required by State Law Act 87 RS 24:515.2

CITY OF BOGALUSA, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING AND DISBURSING
FOR THE YEAR ENDED DECEMBER 31, 2020

This schedule was prescribed by the Louisiana Legislative Auditor's Office as required
by Act 87 of the 2020 Regular Session

	First Six Month Period Ended 06/30/2020	Second Six Month Period Ended 12/31/20
Cash Basis Presentation		
Beginning Balance of Amounts Collected	\$ -	\$ 5,247
Add: Collections		
Asset Forfeiture/Sale	18,674	16,224
Subtotal Collections	<u>18,674</u>	<u>16,224</u>
Less: Disbursements To Governments & Nonprofits:		
22nd Judicial Court - District Attorney/Asset Forfeitures	13,427	8,253
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Asset Forfeiture	-	1,000
Subtotal Disbursements/Retainage	<u>13,427</u>	<u>9,253</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ 5,247</u>	<u>\$ 12,218</u>
 Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i>	 <u>\$ -</u>	 <u>\$ -</u>
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	<u>\$ -</u>	<u>\$ -</u>
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF BOGALUSA, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING
FOR THE YEAR ENDED DECEMBER 31, 2020

This schedule was prescribed by the Louisiana Legislative Auditor's Office as required
by Act 87 of the 2020 Regular Session

Cash Basis Presentation	First Six Month Period Ended 06/30/2020	Second Six Month Period Ended 12/31/20
Receipts From:		
<i>Bogalusa City Court/ Bonding Fees</i>	\$ 24,905	\$ 17,900
<i>Bogalusa City Court/ Criminal Court Costs Fees</i>	40,593	44,386
<i>Bogalusa City Court/ Criminal Fines Other</i>	19,787	16,573
<i>Bogalusa City Court/ Probation/Patrol/Supervision Fees</i>	125	300
<i>Bogalusa City Court/ Other</i>	3,360	3,380
Total Receipts	\$ 88,770	\$ 82,539
Ending Balance of Amounts Assessed but Not Received	\$ -	\$ -

See accompanying independent auditor's report.

Information Required by Debt Agreements

CITY OF BOGALUSA, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2020
(UNAUDITED)

Policy	Insurance Company	Term	Policy #	Coverage
Property/inland Marine	Scottsdale Insurance Company	3/25/2017 - 3/25/2018	CPS2627404	Various
		3/25/2018 - 03/25/2019	CPS279914	Various
		03/25/2019 - 03/25/2020	CPX2978250	Various
		03/25/2020-03/25/2021	CPS7086898	Various
		03/25/2021-03/25/2022	CPS7327438	Various
Electronic Equipment	Liberty Mutual	1/1/2017 - 1/1/2018	IM8107636	577,000
		1/1/2018 - 1/1/2019	IM8107636	577,000
		1/1/2019 - 1/1/2020	IM8107636	577,000
		1/1/2020 - 1/1/2021	bmw2160278339	577,000
		1/1/2021-1/1/2022	BMW2160278339	577,000
Equipment Breakdown	Travelers	1/1/2017 - 1/1/2018	M5J-BM1-1942X304-TIL17	100,000 each
		1/1/2018 - 1/1/2019	M5J-BM1-1942X304-TIL18	100,000 each
		1/1/2019 - 1/1/2020	M5J-BM1-1942X304-TIL19	100,000 each
		1/1/2020 - 1/1/2021	M5J-BM1-1942X304-TIL20	100,000 each
		01/01/2021-01/01/2022	MSJ-BM1-142X304-TIL21	1000,000 each
Crime	Travelers	2/12/2017 - 2/12/2020	105562262	75,000
		2/12/2020 - 2/12/2023	105562262	75,000
Airport Liability Lessor's Risk Only	Old Republic Insurance Company	11/1/2016 - 11/1/2017	PR 00258804	2,000,00 each
		11/1/2017 - 11/1/2018	PR 00258805	2,000,000 each
		11/1/2018 - 11/1/2019	PR 00258805	2,000,000 each
		11/1/2019 - 11/1/2020	PR 00258805	2,000,000 each
		11/1/2020 - 11/1/2021	PR00258808	2,000,000 each
Automotive	Houston Specialty Insurance Co.	3/7/2017 - 3/7/2018	HSLR18-00073-06	Various
		3/7/2018 - 3/7/2019	HSLR18-00073-07	Various
		3/7/2019 - 3/7/2020	HSLR18-00073-08	Various
		3/7/2020 - 3/7/2021	HSLR18-00073-09	Various
		3/7/2021 - 3/7/2022	HSLR18-00073-10	Various
Automotive 2017 Chevy Traverse # 45492	Houston Specialty Insurance Co.	04/01/2021 - 04/ 01/2022	HSLR18-06805-02	500,000 Liability/ 100,000 Uninsured Motorist
Automotive 2006 Dodge Ram # 12518 2018 Dodge Ram # 64773 2018 Dodge Ram # 66319	Houston Specialty Insurance Co.	04/01/2021 - 04/01/2022	HSLR18-06801-02	500,000 Liability

See accompanying independent auditor's report.

CITY OF BOGALUSA, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
DECEMBER 31, 2020
(UNAUDITED)

Statistics on System Operations

- (a) As of **December 31, 2020**, there were 4,990 total metered customers for the water system.
- (b) The following rate schedules were in effect during the fiscal year for water services:

Water:

	<u>Residential and Commercial Inside City</u>	<u>Residential and Commercial Outside City</u>
First 3,000 gallons	\$ 15.44	\$ 30.88
Per additional 1,000 gallons	\$ 2.47	\$ 4.94

- (c) Average monthly billing per residential customer was:

Water, Sewer and Garbage Collection \$ 62.64

- (d) Average monthly billing per commercial customer was:

Water, Sewer and Garbage Collection \$ 170.07

See accompanying independent auditor's report.

Other Reports

ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

ROBERT A. NEILSON

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

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bogalusa, Louisiana (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Bogalusa's basic financial statements and have issued my report thereon dated September 30, 2021.

Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-003 that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002.

City of Bogalusa's Responses to Findings

The City of Bogalusa's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The City of Bogalusa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Bogalusa, Louisiana
September 30, 2021

ROBERT A. NEILSON
CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

ROBERT A. NEILSON
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the City of Bogalusa, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bogalusa, Louisiana's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bogalusa, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In my opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Bogalusa, Louisiana
September 30, 2021

CITY OF BOGALUSA, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Number	Expenditures
United States Department of Housing and Urban Development		
Passed Through Louisiana Office of the Governor:		
Community Development Block Grants/State administered	14.228	\$ 998,115
Total United States Department of Housing and Urban Development		998,115
United States Department of Justice		
Public Safety Partnership and Community Policing Grants	16.710	209
Edward Byrne Memorial Justice Assistant Grant	16.738	5,614
Coronavirus Emergency Supplemental Funding Program - COVID-19	16.034	36,173
Total United States Department of Justice		41,996
United States Department of Transportation		
Passed Through the Louisiana Department of Transportation:		
Airport Improvement Program	20.106	61,200
CARES Act Airport Grant - COVID-19	20.106	30,000
Total United States Department of Transportation		91,200
National Highway Traffic Safety Administration (NHTSA)		
Passed Through the Louisiana Highway Safety Commission (LHSC):		
State and Community Highway Safety	20.600 ¹	23,150
Total National Highway Traffic Safety Administration (NHTSA)		23,150
United States Department of the Treasury		
Passed Through the Louisiana Governor's Office of Homeland Security and Emergency Preparedness		
Coronavirus Relief Funds - COVID-19	21.019	2,706,975
Total United States Department of the Treasury		2,706,975
TOTAL FEDERAL AWARDS		\$ 3,861,436
Clusters	Cluster Total	
¹ Highway Safety Cluster	\$ 23,150	

See notes to the Schedule of Expenditures of Federal Awards.

CITY OF BOGALUSA, LOUISIANA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note A – General

The City of Bogalusa's (the City) Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government. All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other agencies. The City of Bogalusa did not pass through any federal assistance to other entities.

Note B – Basis of Accounting

The City's Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the financial statements for the year ended December 31, 2020.

Note C – Indirect Costs

The City does not have a negotiated indirect cost rate. Also, the City elected to not use the 10% de minimis cost rate as allowed by 2 CFR 200.414 Indirect (F&A) costs.

Note D – Relationship to Financial Statements

The Schedule of Expenditures of Federal Awards (SEFA) was prepared from the same accounting records as were used to prepare the financial statements.

Federal awards are reported on the City's financial statements as follows:

	<u>Governmental Funds</u>
Intergovernmental Revenue	\$ 4,546,643
Less: State and other included in intergovernmental revenue	<u>(685,207)</u>
Total on Schedule of Expenditures of Federal Awards	<u>\$ 3,861,436</u>

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified for all opinion units presented. Adverse for the reporting entity due to the omission of discretely presented component units

Internal Control over Financial Reporting:

- Material weakness (cs) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X no
 X yes _____ none reported

Noncompliance material to financial statements noted?

 X yes _____ no

Federal Awards

Internal Control over Major Programs:

- Material weakness (cs) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X no
_____ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required

to be reported in accordance with Title 2, CFR 200.516(a)? _____ yes X no

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

14.228

Community Development Block Grants (CDBG)

21.019

Coronavirus Relief Fund – COVID-19

Dollar threshold used to distinguish between types A and B programs: \$750,000

The City of Bogalusa did **not** qualify as a low-risk auditce.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

B. Findings - Financial Reporting

Noncompliance with laws, regulations, contracts and grant agreements

2020-001

Underfunded Retirement System

Criteria

State Law (R.S. 11:3031 -- 3053) created the City of Bogalusa Employee's Retirement System (COBERS) and provides for its administration. R.S. 11:3045(A) states, "The City shall make contributions to the system each year on an actuarially funded basis, toward the annuities and benefits herein provided."

Condition

At June 30, 2020, the City's sponsored defined benefit pension plan (COBERS) was severely underfunded. The funded ratio at June 30, 2020 was 23.82% and the net pension liability was \$14,415,528. **This is a repeat finding.**

Cause

The stock market decline of 2008 combined with other demographic conditions such as an aging workforce and longevity of retirement have caused required contribution levels to increase. The City's budget has been unable to absorb these increases and therefore the increases have gone unfunded.

Effect

The assets held in trust are severely deficient of the amount needed to pay the pension benefits promised to employees over the long term.

Recommendation

Although the City increased the contributions made to COBERS during 2020 with the revenue from sales tax rededications and voter approval of an additional rededication of sales tax on July 11, 2020, the City should continue to find ways to provide additional funding to the retirement plan to ensure that the retirement system is actuarially funded in accordance with state law.

**Management's
Response**

The City's pension plan, as is the case with many defined benefit plans throughout the nation, is critically underfunded.

In addition to sales tax rededications, the City added approximately \$2,000,000 to the retirement plan in December 2020 from the rededication of the Industrial Sales Tax fund. This was not reflected in the June 30, 2020 actuarial valuation.

The City is also exploring ways to reduce expenditures so more funds will be available to contribute to the system.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

B. Findings - Financial Reporting (continued)

<u>2020-002</u>	Bond Covenants
Criteria	The covenants of the Water Revenue Bonds, Series 2009 A and B, and the Revenue Refunding Bonds, the Assets, Revenue and Expenses of the water system operation are to be identified and accounted for separately.
Condition	A separate accounting for Water System Operations has not been developed. Parts of this finding are a repeat from the prior year.
Cause	The City's finance staff is not familiar with the terms of the bonds, and according to them, were misinformed by consultants regarding the need for separate accounting for the Water System Operations.
Effect	Violation of bond covenants.
Recommendation	The City should periodically review all bond covenants and ensure that the City is in compliance. Additionally, the Water and Sewer and Garbage Operations should be separated into separate funds.
Management's Response	The revenue and expenses are accounted for separately. The assets and liabilities have always been combined. We do not have the records to separate these. However, we will research this further to try to do so.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

B. Findings - Financial Reporting (continued)

Internal Control Matters

2020-003

Capital Asset Records

Criteria	Capital Asset records should be maintained in accordance LA Revised State 24:515. Capital Asset system should capture information such as tagging numbers or identifying numbers, serial numbers, funding source, department, cost and dates of purchase.
Condition	Capital Asset accounting records do not contain tagging or serial numbers or funding source. Additionally, the records are updated only once per year through a manual process lacking efficiency and automation. Part of this is a repeat finding.
Cause	Outdated accounting systems and processes.
Effect	Without a centralized and automated process, assets may go unaccounted for.
Recommendation	The City should centralize and automate its capital asset records and include all identifying information and donated assets.
Management's Response	The City has incorporated the current fixed assets into the financial accounting system. We are also researching software and equipment to tag the fixed assets.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

A. Findings Affecting the Financial Statements

Noncompliance with laws, regulations, contracts and grant agreements

<u>2019-001</u>	Underfunded Retirement System
Criteria	State Law (R.S. 11:3031 – 3053) created the City of Bogalusa Employee's Retirement System (COBERS) and provides for its administration. R.S. 11:3045(A) states, "The City shall make contributions to the system each year on an actuarially funded basis, toward the annuities and benefits herein provided."
Condition	At June 30, 2019, the City's sponsored defined benefit pension plan (COBERS) was severely underfunded. The funded ratio at June 30, 2019 was 17.28% and the net pension liability was \$20,548,678. This is a repeat finding.
Cause	The stock market decline of 2008 combined with other demographic conditions such as an aging workforce and longevity of retirement have caused required contribution levels to increase. The City's budget has been unable to absorb these increases and therefore the increases have gone unfunded.
Effect	The assets held in trust are severely deficient of the amount needed to pay the pension benefits promised to employees over the long term.
Recommendation	Although the City increased the contributions made to COBERS during 2019 with the revenue from sales tax rededications and voter approval of an additional rededication of sales tax on July 11, 2020, the City should continue to find ways to provide additional funding to the retirement plan to ensure that the retirement system is actuarially funded in accordance with state law.
Management's Response	<p>The City's pension plan, as is the case with many defined benefit plans throughout the nation, is critically underfunded.</p> <p>In a November 2018 election, two sales taxes were rededicated to COBERS. This was effective 1/1/2019 and provides an estimated \$550,000 in additional revenue for the retirement plan. Another sales tax was rededicated to COBERS in a July 2020 election. This will provide and estimated \$280,000 in additional revenue for the retirement plan.</p> <p>The City is also exploring ways to reduce expenditures so more funds will be available to contribute to the system.</p>
Current Status	The City transferred \$2,018,028.81 to COBERS in December 2020. We are hopeful that this, along with the additional tax revenues rededicated to the system, will significantly reduce the unfunded liability.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

<u>2019-002</u>	Incorrect Treatment of Old Outstanding Checks
Criteria	Louisiana Revised Statutes 9:151 <i>et seq.</i> requires that outstanding checks be sent to the Louisiana State Treasurer as unclaimed property if they are outstanding after a certain time period based on the type of check.
Condition	The City's policy is to void outstanding checks older than twelve months instead of researching why the checks have not been cashed or sending these unclaimed funds to the State Treasurer in accordance with the statute. This is a repeat finding.
Cause	The City's policy of voiding old outstanding items is not in agreement with state law.
Effect	The City is not compliant with Louisiana Revised Statutes 9:151 <i>et seq.</i>
Recommendation	The City should change its procedure and research outstanding checks to determine if a replacement check to the payee is necessary or send in the unclaimed amounts to the State Treasurer according to the Treasurer's holding periods.
Management's Response	From our understanding, the outstanding checks were due to other checks being reissued. The checks should have been voided. However, we will review all outstanding checks in 2020 and ensure that we are compliant with the Louisiana statute.
Current Status	The City sent the applicable outstanding checks as unclaimed property to the State Treasurer.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

2019-003

Bond Covenants

Criteria	The covenants of the Water Revenue Bonds, Series 2009 A and B, and the Revenue Refunding Bonds, the Assets, Revenue and Expenses of the water system operation are to be identified and accounted for separately.
Condition	A separate accounting for Water System Operations has not been developed. Parts of this finding are a repeat from the prior year.
Cause	The City's finance staff is not familiar with the terms of the bonds, and according to them, were misinformed by consultants regarding the need for separate accounting for the Water System Operations.
Effect	Violation of bond covenants.
Recommendation	The City should periodically review all bond covenants and ensure that the City is in compliance. Additionally, the Water and Sewer and Garbage Operations should be separated into separate funds.
Management's Response	The revenue and expenses are accounted for separately. The assets and liabilities have always been combined. We do not have the records to separate these. However, we will research this further to try to do so.
Current Status	No change from prior year

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

Internal Control Matters

2019-004

Internal financial reporting

Criteria:	Financial reports provided to the mayor and the council should be complete and accurate, yet concise and straightforward enough to allow for appropriate monitoring of financial condition and decision making.
Condition:	The City's internal and monthly financial reporting process did not allow for sufficient monitoring and decision making by the mayor and council. This is a repeat finding.
Effect:	Decisions are being made without complete information.
Cause:	The financial reports provide excessive detail of expenditures compared to budget for the year, but do not present the financial condition (fund balance). As a result, the reports generated by the administrative staff are insufficient for proper decision-making.
Recommendation:	Monthly financial reports should include revenues and expenditures compared to budget for all major funds of the City as well as the existing fund balance. Fund balance should be clearly identified as to what has been previously encumbered and what is available for spending.
Management's Response:	The accounting department has been behind on getting the financial statements completed each month. However, statements were provided to the Mayor and Council throughout the year as they were completed.
Current Status	Financial statements were provided throughout the year.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

2019-005

Capital Asset Records

Criteria	Capital Asset records should be maintained in accordance LA Revised State 24:515. Capital Asset system should capture information such as tagging numbers or identifying numbers, serial numbers, funding source, department, cost and dates of purchase.
Condition	Capital Asset accounting records do not contain tagging or serial numbers or funding source. Additionally, the records are updated only once per year through a manual process lacking efficiency and automation. Part of this is a repeat finding.
Cause	Outdated accounting systems and processes.
Effect	Without a centralized and automated process, assets may go unaccounted for.
Recommendation	The City should centralize and automate its capital asset records and include all identifying information and donated assets.
Management's Response	The City has incorporated the current fixed assets into the financial accounting system. We are also researching software and equipment to tag the fixed assets.
Current Status	No change from prior year

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

2019-006

Documentation of Proper Calculation of Retirement Benefits

Criteria	Benefit payments should be made in accordance with plan provisions of the City of Bogalusa Employee's Retirement System (COBERS) and as set forth in Louisiana Revised Statutes RS 11.3031-3053
Condition	Of a sample of 5 retiree benefits being paid, the benefit being paid to two retirees could not be verified by recalculating the benefits paid against the plan provisions. The retiree file did not have sufficient documentation to explain the benefit calculation and the amount currently being paid. This is a repeat finding.
Cause	The current COBERS administrator and actuary was engaged after these retiree's benefit calculations were determined. The pension benefit file for these two retirees did not contain sufficient documentation to explain how the pension benefit being paid was calculated.
Effect	The City may be paying out the incorrect benefit amounts to retirees.
Recommendation	The City should require COBERS to review all pension beneficiary files to make sure the documentation exists on how the pension benefits were determined. This documentation should coincide with the current amount being paid in benefits.
Management's Response:	The City will review this issue with the COBERS administrator to ensure the correct amount of pension benefits are being paid.
Current Status	No change from prior year.