

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

**DECEMBER 31, 2017**

City of Mansfield, Louisiana  
Annual Financial Report  
December 31, 2017

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management’s Discussion and Analysis	-	1-9
Independent Auditor’s Report	-	10-12
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements		
Statement of Net Position	A	15
Statement of Activities	B	16
Fund Financial Statements		
Governmental Funds:		
Balance Sheet-Governmental Funds	C	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	E	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	22
Proprietary Fund:		
Statement of Net Position	G	23-24
Statement of Revenues, Expenses and Changes in Net Position	H	25
Statement of Cash Flows	I	26-27
Notes to Financial Statements	-	29-58

City of Mansfield, Louisiana  
Annual Financial Report  
December 31, 2017

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>Other Required Supplementary Information</u>		
General Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual	J	60
Schedule of Employer's Share of Net Pension Liability	K	61
Schedule of Employer Contributions	L	62
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	M	63
<u>Other Reports</u>		
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 <i>Government Auditing Standards</i>	N	65-66
Schedule of Audit Findings	O	67
Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures	P	68-79
Management's Response to Exceptions to Statewide Agreed-Upon Procedures	Q	80

## City of Mansfield, Louisiana

### Management's Discussion and Analysis (MD&A) December 31, 2017

As management of the City of Mansfield, Louisiana, (City) we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Mansfield as of and for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

#### Financial Highlights

As of December 31, 2017, the assets of the City exceeded its liabilities by \$10,949,370. As of December 31, 2017, there was a deficit of unrestricted net position in the amount of \$4,691,452. During 2017, net position of the governmental activities increased by \$2,033,172 (73%), while net assets of the business-type activities decreased \$549,136 (5%).

As of the close of fiscal year 2017, the City's governmental funds reported a combined ending fund balance of \$3,204,684, an increase of \$1,229,624 (63%) from prior year.

The City of Mansfield had an increase in its property tax base (increase in the value of properties located within the City) of approximately four percent (4%) during the year ended December 31, 2017.

Improvements to the sewer system were done in 2017, primarily funded by LCDBG funds. These improvements are estimated to be completed in 2018.

#### Overview of the Financial Statements

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

##### Basic Financial Statements

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

**Government-wide Financial Statements** - The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists users in assessing the City's economic condition at the end of the year. These statements are prepared using the economic

## City of Mansfield, Louisiana

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

December 31, 2017

resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year, even if cash has not been received or paid, and include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements:

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

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

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

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

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

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

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

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

## City of Mansfield, Louisiana

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

December 31, 2017

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

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

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

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

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

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

## City of Mansfield, Louisiana

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

December 31, 2017

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

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

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

**Required Supplementary Information** - The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund as presented in the governmental funds financial statements, the Schedule of Employer's Share of Net Pension Liability, and the Schedule of Employer Contributions. Annual budgets and the employer pension schedules are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Act 706 of the Louisiana 2017 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer which is also presented as required supplementary information. Following the required supplementary information is other supplementary information that is provided to show additional details.

### Financial Analysis of Government-Wide Activities

**Net Position** - The City's combined net position (governmental and business-type activities) totaled \$10,949,370 and \$9,465,334 as of December 31, 2017 and 2016 respectively, an increase of \$1,484,036 (16%).

As of December 31, 2017, \$15,488,097 (142%) of the City's net position consists of investment in capital assets such as land, buildings, equipment, and water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding, compared to \$15,465,424 (164%) of the City's net position as of the close of the prior year. The City uses these capital assets to provide services to the citizens of Mansfield; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position, \$152,725 (2%) is restricted by loan covenants for repayment of principal and interest on long-term debt.

The other portion of the City's net position, a deficit of \$4,691,452 (-43%) and \$6,248,367 (-66%) as of December 31, 2017 and 2016 respectively. The City continues to maintain a high level of liquidity with \$4,100,015 of cash, demand deposits, and certificates of deposit at December 31, 2017.

**City of Mansfield, Louisiana**

**Management's Discussion and Analysis (MD&A)  
December 31, 2017**

	<u>As of December 31, 2017</u>			<u>As of December 31, 2016</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$ 3,426,638	\$ 1,306,724	\$ 4,733,362	\$ 2,158,874	\$ 1,369,890	\$ 3,528,764
Capital assets	<u>4,420,393</u>	<u>12,939,639</u>	<u>17,360,032</u>	<u>3,975,516</u>	<u>13,449,409</u>	<u>17,424,925</u>
Total Assets	<u>\$ 7,847,031</u>	<u>\$14,246,363</u>	<u>\$22,093,394</u>	<u>\$ 6,134,390</u>	<u>\$14,819,299</u>	<u>\$20,953,689</u>
Deferred Outflows	\$ 714,433	\$ 330,052	\$ 1,044,485	\$ 1,089,248	\$ 406,667	\$ 1,495,915
Long term liabilities	\$ 8,194,364	\$ 2,577,383	\$10,771,747	\$ 9,141,299	\$ 2,734,610	\$11,875,909
Other liabilities	<u>521,954</u>	<u>159,061</u>	<u>681,015</u>	<u>473,814</u>	<u>116,940</u>	<u>590,754</u>
Total Liabilities	<u>\$ 8,716,318</u>	<u>\$ 2,736,444</u>	<u>\$11,452,762</u>	<u>\$ 9,615,113</u>	<u>\$ 2,851,550</u>	<u>\$12,466,663</u>
Deferred Inflows	\$ 608,525	\$ 127,222	\$ 735,747	\$ 405,076	\$ 112,531	\$ 517,607
Net Position:						
Net investment in capital assets	\$ 4,420,393	\$11,067,704	\$15,488,097	\$ 3,975,516	\$11,489,908	\$15,465,424
Restricted	0	152,725	152,725	0	248,277	248,277
Unrestricted	<u>(5,183,772)</u>	<u>492,320</u>	<u>(4,691,452)</u>	<u>(6,772,067)</u>	<u>523,700</u>	<u>(6,248,367)</u>
Total Net Position	<u>\$ (763,379)</u>	<u>\$11,712,749</u>	<u>\$10,949,370</u>	<u>\$(2,796,551)</u>	<u>\$12,261,885</u>	<u>\$ 9,465,334</u>

**Changes in Net Position**

The City's net position increased by \$1,484,036 during the year ended December 31, 2017 compared to a decrease of \$(268,091) in 2016. This change is due primarily to an increase in capital grants and sales tax revenue.

Approximately 34% (\$2,462,079) of the City's total revenues was derived through charges for services in 2017 compared to 42% (\$2,342,558) in 2016. During the year ended December 31, 2017, approximately 55% (\$3,973,528) was derived from general revenues including taxes and interest compared to 53% (\$2,961,227) during 2016. The City received \$844,650 (11%) and \$273,101 (5%) of its total revenues through program grants and contributions during 2017 and 2016, respectively.



**City of Mansfield, Louisiana**

**Management's Discussion and Analysis (MD&A)  
December 31, 2017**

	<u>As of December 31, 2017</u>			<u>As of December 31, 2016</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Program Revenues:						
Fees, fines and charges for services	\$ 619,340	\$ 1,842,739	\$ 2,462,079	\$ 486,422	\$ 1,856,136	\$2,342,558
Operating grants and Contributions	175,670	0	175,670	170,381	0	170,381
Capital grants and Contributions	668,980	0	668,980	62,720	40,000	102,720
General Revenues:						
Ad valorem taxes	435,091	0	435,091	417,411	0	417,411
Sales and use tax	2,317,838	0	2,317,838	1,592,694	0	1,592,694
Franchise fees	278,039	0	278,039	286,808	0	286,808
Hotel and Motel	130,205	0	130,205	96,380	0	96,380
Licenses and Permits	273,665	0	273,665	257,580	0	257,580
Video Poker	178,967	0	178,967	190,547	0	190,547
Interest income	6,420	4,787	11,207	8,093	4,462	12,555
Oil & Gas Royalty	12,196	0	12,196	12,059	0	12,059
Other	<u>318,262</u>	<u>18,058</u>	<u>336,320</u>	<u>75,784</u>	<u>19,409</u>	<u>95,193</u>
Total Revenues	<u>\$ 5,414,673</u>	<u>\$ 1,865,584</u>	<u>\$ 7,280,257</u>	<u>\$ 3,656,879</u>	<u>\$ 1,920,007</u>	<u>\$5,576,886</u>
Expenses:						
General government	\$ 1,319,907	\$ 0	\$ 1,319,907	\$ 1,544,124	\$ 0	\$1,544,124
Public safety	1,400,587	0	1,400,587	1,427,926	0	1,427,926
Public works	358,490	0	358,490	403,270	0	403,270
Sanitation	113,733	0	113,733	117,162	0	117,162
Recreation	3,194	0	3,194	2,526	0	2,526
Interest on long-term debt	157,346	7,027	164,373	164,741	13,184	177,925
Water and sewer	<u>0</u>	<u>2,435,937</u>	<u>2,435,937</u>	<u>0</u>	<u>2,172,044</u>	<u>2,172,044</u>
Total Expenses	<u>\$ 3,353,257</u>	<u>\$ 2,442,964</u>	<u>\$ 5,796,221</u>	<u>\$ 3,659,749</u>	<u>\$ 2,185,228</u>	<u>\$5,844,977</u>
Increase (Decrease) in net Position before transfers	\$ 2,061,416	\$ (577,380)	\$ 1,484,036	\$ (2,870)	\$ (265,221)	\$ (268,091)
Transfers	<u>(28,244)</u>	<u>28,244</u>	<u>0</u>	<u>(75,467)</u>	<u>75,467</u>	<u>0</u>
Increase (Decrease) in net position	\$ 2,033,172	\$ (549,136)	\$ 1,484,036	\$ (78,337)	\$ (189,754)	\$ (268,091)
Net Position- Beginning	<u>(2,796,551)</u>	<u>12,261,885</u>	<u>9,465,334</u>	<u>(2,718,214)</u>	<u>12,451,639</u>	<u>9,733,425</u>
Net Position-Ending	<u>\$ (763,379)</u>	<u>\$11,712,749</u>	<u>\$10,949,370</u>	<u>\$ (2,796,551)</u>	<u>\$12,261,885</u>	<u>\$9,465,334</u>

## City of Mansfield, Louisiana

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

December 31, 2017

#### Financial Analysis of the Individual Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,204,684, an increase of \$1,229,624 in comparison with the prior year. Approximately \$1,315,640 of this total amount consists of unassigned fund balance, which is available for spending at the City's discretion.

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

At the end of the current fiscal year, the City's proprietary funds reported combined ending net position of \$11,712,749, a decrease of \$549,136 in comparison with the prior year's ending net position of \$12,261,885. The Water Fund had a decrease in net position of \$354,007, and the Sewer Fund had a decrease in net position of \$195,129. \$11,067,704 represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$152,725 is restricted by loan covenants for repayment of principal and interest on long-term debt and \$492,320 is unrestricted and is available for spending at the City's discretion.

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

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

The actual revenues were \$162,366 more than the final budgeted amounts and the actual expenditures were \$276,776 less than the final budgeted amounts.

## **City of Mansfield, Louisiana**

### **Management's Discussion and Analysis (MD&A) December 31, 2017**

#### **Capital Asset Administration**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 totaled \$34,329,383, net of accumulated depreciation of \$17,617,306, leaving a book value of \$16,712,077. This investment in capital assets consists of land, buildings, equipment, and water and sewer plant and improvements. Depreciation charges for the year totaled \$858,805 for 2017 compared to \$899,237 for the prior year.

During 2017, major capital expenditures included \$735,118 for improvements to the water and sewer systems.

#### **Debt Administration**

At year-end, the City had \$6,586,980 in bonds and notes outstanding, a decrease of \$336,756 compared to the prior year.

Debt, considered a liability of governmental activities, decreased due to payments made on the three bonds of \$290,000.

Debt considered a liability of the business-type activities decreased by \$75,000 due to the debt payments made.

The City's net pension liability at December 31, 2017 is \$4,358,720.

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

The following economic factors were considered when the budget for the General Fund for the fiscal year ended December 31, 2018 was prepared:

- Revenues are expected to be approximately \$3,151,360 during the fiscal year ended 2018.
- The budget provides for a merit increase for employees.
- Other expenditures are expected to remain consistent with the prior year.

**City of Mansfield, Louisiana**

**Management's Discussion and Analysis (MD&A)  
December 31, 2017**

**Requests for Information**

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

# Johnson, Thomas & Cunningham

Certified Public Accountants

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

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

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and the City Council of  
Mansfield, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Mansfield's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mansfield, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents is presented for purposes of additional analysis and is required by Louisiana Revised Statute R.S. 245:513 A.(3). This schedule is not a required part of the basic financial statements.

We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on it because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2018, on our consideration of the City of Mansfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mansfield's internal control over financial reporting and compliance.

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

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated May 23, 2018, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Johnson, Thomas + Cunningham, CPA's  
Johnson, Thomas & Cunningham, CPA's

May 23, 2018  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

City of Mansfield, Louisiana  
Government-Wide Statement of Net Position  
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current Assets-			
Cash & Cash Equivalents	\$ 2,540,444	\$ 911,616	\$ 3,452,060
Revenue Receivables, Net-			
Utility Billings	0	383,745	383,745
Other	864,006	0	864,006
Prepaid Expenses	22,188	8,706	30,894
Due from Other Funds	<u>0</u>	<u>2,657</u>	<u>2,657</u>
Total Current Assets	<u>\$ 3,426,638</u>	<u>\$ 1,306,724</u>	<u>\$ 4,733,362</u>
Non-Current Assets-			
Restricted Assets-			
Cash & Cash Equivalents	\$ 0	\$ 345,445	\$ 345,445
Customer's Deposit Accounts	0	302,510	302,510
Capital Assets - Net of Accumulated Depreciation	<u>4,420,393</u>	<u>12,291,684</u>	<u>16,712,077</u>
Total Non-Current Assets	<u>\$ 4,420,393</u>	<u>\$12,939,639</u>	<u>\$17,360,032</u>
 Total Assets	 <u>\$ 7,847,031</u>	 <u>\$14,246,363</u>	 <u>\$22,093,394</u>
 Deferred Outflows of Resources	 <u>\$ 714,433</u>	 <u>\$ 330,052</u>	 <u>\$ 1,044,485</u>
Liabilities:			
Current Liabilities-			
Accounts Payable	\$ 51,925	\$ 54,353	\$ 106,278
Accrued Payroll	55,236	25,958	81,194
Cash Bonds Payable	45,000	0	45,000
Due to Other Funds	2,657	0	2,657
Accrued Interest Payable	67,136	750	67,886
Current Portion - Long-Term Debt	<u>300,000</u>	<u>78,000</u>	<u>378,000</u>
Total Current Liabilities	<u>\$ 521,954</u>	<u>\$ 159,061</u>	<u>\$ 681,015</u>
Non-Current Liabilities-			
Payable from Restricted Assets-			
Customers' Deposits	\$ 0	\$ 204,047	\$ 204,047
Net Pension Liability	3,131,364	1,227,356	4,358,720
Long-term Debt	<u>5,063,000</u>	<u>1,145,980</u>	<u>6,208,980</u>
Total Non-Current Liabilities	<u>\$ 8,194,364</u>	<u>\$ 2,577,383</u>	<u>\$10,771,747</u>
 Total Liabilities	 <u>\$ 8,716,318</u>	 <u>\$ 2,736,444</u>	 <u>\$11,452,762</u>
 Deferred Inflows of Resources	 <u>\$ 608,525</u>	 <u>\$ 127,222</u>	 <u>\$ 735,747</u>
Net Position:			
Net Investment in Capital Assets	\$ 4,420,393	\$11,067,704	\$15,488,097
Restricted for Debt Service	0	152,725	152,725
Unrestricted	<u>(5,183,772)</u>	<u>492,320</u>	<u>(4,691,452)</u>
Total Net Position	<u>\$ (763,379)</u>	<u>\$11,712,749</u>	<u>\$10,949,370</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Government-Wide Statement of Activities  
For the Year Ended December 31, 2017

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$1,319,907	\$ 330	\$ 0	\$ 0	\$(1,319,577)	\$ 0	\$(1,319,577)
Public Safety	1,400,587	390,225	124,709	0	(885,653)	0	(885,653)
Public Works	358,490	0	50,961	0	(307,529)	0	(307,529)
Sanitation	113,733	228,785	0	668,980	784,032	0	784,032
Recreation	3,194	0	0	0	(3,194)	0	(3,194)
Interest on Long-term Debt	<u>157,346</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(157,346)</u>	<u>0</u>	<u>(157,346)</u>
Total Governmental Activities	<u>\$3,353,257</u>	<u>\$ 619,340</u>	<u>\$175,670</u>	<u>\$668,980</u>	<u>\$(1,889,267)</u>	<u>\$ 0</u>	<u>\$(1,889,267)</u>
<b>Business-Type Activities:</b>							
Water	\$1,811,743	\$1,419,269	\$ 0	\$ 0	\$ 0	\$ (392,474)	\$ (392,474)
Sewer	624,194	423,470	0	0	0	(200,724)	(200,724)
Interest on Long-term Debt	<u>7,027</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,027)</u>	<u>(7,027)</u>
Total Business-Type Activities	<u>\$2,442,964</u>	<u>\$1,842,739</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (600,225)</u>	<u>\$ (600,225)</u>
Total Government	<u>\$5,796,221</u>	<u>\$2,462,079</u>	<u>\$175,670</u>	<u>\$668,980</u>	<u>\$(1,889,267)</u>	<u>\$ (600,225)</u>	<u>\$(2,489,492)</u>
<b>General Revenues:</b>							
Taxes-							
Ad Valorem					\$ 435,091	\$ 0	\$ 435,091
Sales & Use					2,317,838	0	2,317,838
Franchise					278,039	0	278,039
Hotel & Motel					130,205	0	130,205
Licenses & Permits					273,665	0	273,665
Video Poker					178,967	0	178,967
Interest Income					6,420	4,787	11,207
Oil & Gas Royalty					12,196	0	12,196
Miscellaneous					83,130	18,058	101,188
Gain on Sale of Assets					235,132	0	235,132
Transfers					<u>(28,244)</u>	<u>28,244</u>	<u>0</u>
Total General Revenues & Transfers					<u>\$ 3,922,439</u>	<u>\$ 51,089</u>	<u>\$ 3,973,528</u>
Change in Net Position					\$ 2,033,172	\$ (549,136)	\$ 1,484,036
Net Position at Beginning of Year					<u>(2,796,551)</u>	<u>12,261,885</u>	<u>9,465,334</u>
Net Position at End of Year					<u>\$(763,379)</u>	<u>\$11,712,749</u>	<u>\$10,949,370</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

City of Mansfield, Louisiana  
Balance Sheet-Governmental Funds  
December 31, 2017

	Major Funds			Nonmajor Fund	Total
	General	Debt Service	Capital	Police Witness	Governmental
	Fund	Fund	Projects	Fees	Funds
<u>Assets</u>					
Cash & Cash Equivalents	\$ 688,080	\$1,798,184	\$ 75	\$54,105	\$2,540,444
Revenue Receivables	770,492	93,514	0	0	864,006
Prepaid Expenses	22,188	0	0	0	22,188
Due from Other Funds	200	0	0	0	200
Total Assets	<u>\$1,480,960</u>	<u>\$1,891,698</u>	<u>\$ 75</u>	<u>\$54,105</u>	<u>\$3,426,838</u>
<u>Liabilities</u>					
Accounts Payable	\$ 38,898	\$ 13,027	\$ 0	\$ 0	\$ 51,925
Accrued Expenses	56,452	65,920	0	0	122,372
Cash Bonds Payable	45,000	0	0	0	45,000
Due to Other Funds	2,657	0	200	0	2,857
Total Liabilities	<u>\$ 143,007</u>	<u>\$ 78,947</u>	<u>\$ 200</u>	<u>\$ 0</u>	<u>\$ 222,154</u>
<u>Fund Balances</u>					
Nonspendable:					
Prepaid Expenses	\$ 22,188	\$ 0	\$ 0	\$ 0	\$ 22,188
Restricted for:					
Debt Service	0	1,812,751	0	0	1,812,751
Assigned to:					
Police Witness Fees	0	0	0	54,105	54,105
Unassigned	1,315,765	0	(125)	0	1,315,640
Total Fund Balances	<u>\$1,337,953</u>	<u>\$1,812,751</u>	<u>\$(125)</u>	<u>\$54,105</u>	<u>\$3,204,684</u>
Total Liabilities & Fund Balances	<u>\$1,480,960</u>	<u>\$1,891,698</u>	<u>\$ 75</u>	<u>\$54,105</u>	<u>\$3,426,838</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2017

Total Fund Balances of the Governmental Funds	\$ 3,204,684
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Capital Assets	8,332,546
Less, Accumulated Depreciation	(3,912,153)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet-	
	714,433
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Long-term Debt	(5,363,000)
Net Pension Liability	(3,131,364)
Deferred Inflows of Resources are not due and payable in in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
	<u>(608,525)</u>
Net Position of Governmental Activities	<u>\$ (763,379)</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2017

	Major Funds			Nonmajor Fund	Total
	General Fund	Debt Service Fund	Capital Projects	Police Witness Fes	Governmental Funds
<b>REVENUES:</b>					
Taxes	\$2,399,384	\$ 761,790	\$ 0	\$ 0	\$3,161,174
Licenses & Permits	452,632	0	0	0	452,632
Intergovernmental	175,670	0	668,980	0	844,650
Charges for Services	282,551	0	0	34,425	316,976
Fines & Forfeitures	302,365	0	0	0	302,365
Miscellaneous	45,064	1,346	0	33	46,443
Total Revenues	<u>\$3,657,666</u>	<u>\$ 763,136</u>	<u>\$668,980</u>	<u>\$ 34,458</u>	<u>\$5,124,240</u>
<b>EXPENDITURES:</b>					
Current-					
General Government	\$1,196,572	\$ 40,476	\$ 5	\$ 0	\$1,237,053
Public Safety-					
Police	858,515	0	0	11,458	869,973
Fire	395,796	0	0	0	395,796
Public Works	323,668	0	0	0	323,668
Sanitation	112,449	0	0	0	112,449
Recreation	2,884	0	0	0	2,884
Capital Outlay	86,940	0	669,100	58,500	814,540
Debt Service					
Principal	0	290,000	0	0	290,000
Interest	0	157,346	0	0	157,346
Total Expenditures	<u>\$2,976,824</u>	<u>\$ 487,822</u>	<u>\$669,105</u>	<u>\$ 69,958</u>	<u>\$4,203,709</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 680,842</u>	<u>\$ 275,314</u>	<u>\$ (125)</u>	<u>\$(35,500)</u>	<u>\$ 920,531</u>

Continued next page.

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2017

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Police Witness Fees</u>	
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Assets	309,093	0	0	0	309,093
Bond Proceeds	0	28,244	0	0	28,244
Operating Transfers Out	<u>0</u>	<u>(28,244)</u>	<u>0</u>	<u>0</u>	<u>(28,244)</u>
Total Other Financing Sources (Uses)	<u>\$ 309,093</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 309,093</u>
Excess (Deficiency) of Revenues and Other Sources over (under) Expenditures and Other Uses					
	\$ 989,935	\$ 275,314	\$ (125)	\$(35,500)	\$1,229,624
Fund Balance-Beginning of Year	<u>348,018</u>	<u>1,537,437</u>	<u>0</u>	<u>89,605</u>	<u>1,975,060</u>
Fund Balance-End of Year	<u>\$1,337,953</u>	<u>\$1,812,751</u>	<u>\$ (125)</u>	<u>\$ 54,105</u>	<u>\$3,204,684</u>

See notes to financial statements.



City of Mansfield, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of the Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2017

Net Change in Fund Balance - Governmental Funds	\$1,229,624
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>	
<p>Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is</p>	
	814,421
<p>Depreciation expense on capital assets is reported in the Government- wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is</p>	
	(295,583)
<p>Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:</p>	
Non-Employer Pension Revenue	55,302
Pension Expense	41,613
<p>Payments made on Long-term Debt are shown as expenditures in the Governmental Funds, but the payments reduce Long-term Liabilities in the Statement of Net Position.</p>	
	290,000
<p>Proceeds of Long-Term Debt are shown as revenues in the Governmental Funds, but the debt increases Long-term Liabilities in the Statement of Net Position</p>	
	(28,244)
<p>The net effect of sales transactions involving capital assets is to decrease net position</p>	
	<u>(73,961)</u>
Increase in Net Position of Governmental Activities	<u>\$2,033,172</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Net Position  
Proprietary Funds  
Year Ended December 31, 2017

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Assets-</b>			
<b>Current Assets-</b>			
Cash & Cash Equivalents	\$ 634,292	\$ 277,324	\$ 911,616
Receivables	95,651	240,899	336,550
Less, Allowance for Doubtful Accounts	(14,343)	(32,562)	(46,905)
Unbilled Receivables	20,123	73,977	94,100
Due from General Fund	0	2,657	2,657
Prepaid Expenses	<u>1,073</u>	<u>7,633</u>	<u>8,706</u>
Total Current Assets	<u>\$ 736,796</u>	<u>\$ 569,928</u>	<u>\$ 1,306,724</u>
<b>Restricted Assets-</b>			
Cash & Cash Equivalents	\$ 0	\$ 345,445	\$ 345,445
Customer's Deposit Accounts	<u>0</u>	<u>302,510</u>	<u>302,510</u>
Total Restricted Assets	<u>\$ 0</u>	<u>\$ 647,955</u>	<u>\$ 647,955</u>
<b>Noncurrent Assets-</b>			
Land	\$ 0	\$ 70,361	\$ 70,361
Construction in Progress	0	15,318	15,318
Buildings	3,095	0	3,095
Machinery & Equipment	96,182	35,650	131,832
Vehicles	0	110,313	110,313
Water System	0	18,196,883	18,196,883
Sewer System	7,469,035	0	7,469,035
Less, Accumulated Depreciation	<u>(5,781,896)</u>	<u>(7,923,257)</u>	<u>(13,705,153)</u>
Total Noncurrent Assets	<u>\$ 1,786,416</u>	<u>\$10,505,268</u>	<u>\$ 12,291,684</u>
Total Assets	<u>\$ 2,523,212</u>	<u>\$11,723,151</u>	<u>\$ 14,246,363</u>
Deferred Outflows of Resources-	<u>\$ 74,261</u>	<u>\$ 255,791</u>	<u>\$ 330,052</u>
<b>Liabilities-</b>			
<b>Current Liabilities-</b>			
Accounts Payable	\$ 9,096	\$ 45,257	\$ 54,353
Accrued Payroll	4,861	21,097	25,958
Accrued Expenses	<u>0</u>	<u>750</u>	<u>750</u>
Total Current Liabilities	<u>\$ 13,957</u>	<u>\$ 67,104</u>	<u>\$ 81,061</u>

Continued next page.

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Net Position  
Proprietary Funds  
Year Ended December 31, 2017

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities Payable from Restricted Assets-			
Current Portion of Revenue Bonds	\$ 0	\$ 78,000	\$ 78,000
Customer's Deposits	<u>0</u>	<u>204,047</u>	<u>204,047</u>
Total Payable from Restricted Assets	<u>\$ 0</u>	<u>\$ 282,047</u>	<u>\$ 282,047</u>
Noncurrent Liabilities-			
Notes and Bonds Payable	\$ 0	\$ 1,145,980	\$ 1,145,980
Net Pension Liability	<u>276,155</u>	<u>951,201</u>	<u>1,227,356</u>
Total Noncurrent Liabilities	<u>\$ 276,155</u>	<u>\$ 2,097,181</u>	<u>\$ 2,373,336</u>
Total Liabilities	<u>\$ 290,112</u>	<u>\$ 2,446,332</u>	<u>\$ 2,736,444</u>
Deferred Inflow of Resources-	<u>\$ 28,625</u>	<u>\$ 98,597</u>	<u>\$ 127,222</u>
Net Position-			
Net Investment in Capital Assets	\$ 1,786,416	\$ 9,281,288	\$ 11,067,704
Restricted for-			
Revenue Bond Retirement	0	152,725	152,725
Unrestricted	<u>492,320</u>	<u>0</u>	<u>492,320</u>
Total Net Position	<u>\$ 2,278,736</u>	<u>\$ 9,434,013</u>	<u>\$ 11,712,749</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
Year Ended December 31, 2017

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for Services-			
Water	\$ 0	\$1,354,045	\$ 1,354,045
Sewer	407,916	0	407,916
Miscellaneous-			
Penalties & Charges	15,554	56,700	72,254
Other	<u>0</u>	<u>8,524</u>	<u>8,524</u>
Total Operating Revenues	<u>\$ 423,470</u>	<u>\$1,419,269</u>	<u>\$ 1,842,739</u>
Operating Expenses:			
Personnel Services	\$ 211,822	\$ 853,328	\$ 1,065,150
Billing Office	24,000	19,536	43,536
System Maintenance	72,421	118,322	190,743
Treatment Facilities	119,088	329,001	448,089
General & Administrative	33,114	92,083	125,197
Depreciation	<u>163,749</u>	<u>399,473</u>	<u>563,222</u>
Total Operating Expenses	<u>\$ 624,194</u>	<u>\$1,811,743</u>	<u>\$ 2,435,937</u>
Loss from Operations	<u>\$ (200,724)</u>	<u>\$ (392,474)</u>	<u>\$ (593,198)</u>
Non-operating Revenues (Expenses):			
Interest Income	\$ 1,532	\$ 3,255	\$ 4,787
Non-Employer Pension Revenue	4,063	13,995	18,058
Interest Expense	<u>0</u>	<u>(7,027)</u>	<u>(7,027)</u>
Total Non-operating Revenues (Expenses)	<u>\$ 5,595</u>	<u>\$ 10,223</u>	<u>\$ 15,818</u>
Loss Before Transfers	<u>\$ (195,129)</u>	<u>\$ (382,251)</u>	<u>\$ (577,380)</u>
Transfers	<u>0</u>	<u>28,244</u>	<u>28,244</u>
Change in Net Position	<u>\$ (195,129)</u>	<u>\$ (354,007)</u>	<u>\$ (549,136)</u>
Net Position at Beginning of Year	<u>2,473,865</u>	<u>9,788,020</u>	<u>12,261,885</u>
Net Position at End of Year	<u>\$2,278,736</u>	<u>\$9,434,013</u>	<u>\$11,712,749</u>

See notes to financial statements.

City of Mansfield, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2017

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 427,417	\$1,438,356	\$ 1,865,773
Cash Payments to Suppliers for Goods and Services	(248,389)	(523,959)	(772,348)
Cash Payments to Employees	<u>(206,216)</u>	<u>(830,471)</u>	<u>(1,036,687)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(27,188)</u>	\$ <u>83,926</u>	\$ <u>56,738</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers from Other Funds	\$ <u>0</u>	\$ <u>28,244</u>	\$ <u>28,244</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	\$ 0	\$ (66,018)	\$ (66,018)
Principal Paid on Capital Debt	0	(75,000)	(75,000)
Interest Paid on Capital Debt	<u>0</u>	<u>(4,440)</u>	<u>(4,440)</u>
Net Cash Used by Capital and Related Financing Activities	\$ <u>0</u>	\$ <u>(145,458)</u>	\$ <u>(145,458)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Income	\$ <u>1,532</u>	\$ <u>3,255</u>	\$ <u>4,787</u>
Net Decrease in Cash & Cash Equivalents	\$ (25,656)	\$ (30,033)	\$ (55,689)
<b>CASH &amp; CASH EQUIVALENTS:</b>			
Beginning of Year	<u>659,948</u>	<u>955,312</u>	<u>1,615,260</u>
End of Year	<u>\$ 634,292</u>	<u>\$ 925,279</u>	<u>\$ 1,559,571</u>

City of Mansfield, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2017

	<u>Business-Type Activities</u>		
	<u>Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Loss from Operations	\$(200,724)	\$ (392,474)	\$ (593,198)
ADJUSTMENTS TO RECONCILE LOSS FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation	163,749	399,473	563,222
(Increase)/Decrease in Accounts Receivable	3,946	16,097	20,043
Increase/(Decrease) in Accounts Payable	234	34,983	35,217
Increase/(Decrease) in Accrued Payroll	242	4,382	4,624
Increase/(Decrease) in Customer's Deposits	0	2,990	2,990
Increase/(Decrease) in Net Pension Liability	<u>5,365</u>	<u>18,475</u>	<u>23,840</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (27,188)</u>	<u>\$ 83,926</u>	<u>\$ 56,738</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current Assets-			
Cash and Cash Equivalents	\$ 634,292	\$ 277,324	\$ 911,616
Restricted Assets-			
Cash and Cash Equivalents	<u>0</u>	<u>647,955</u>	<u>647,955</u>
Total Cash and Cash Equivalents	<u>\$ 634,292</u>	<u>\$ 925,279</u>	<u>\$1,559,571</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

## Introduction

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

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

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

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



City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

The funds of the City are described below:

Governmental Funds-

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

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

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

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

The major funds of the City are the General Fund, Debt Service Fund, and Capital Projects Fund.

Proprietary Funds-

Enterprise Funds

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

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

C. Measurement Focus and Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

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

E. Cash and Cash Equivalents

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

F. Bad Debts

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Allowance for bad debts in the proprietary funds at December 31, 2017 was \$46,905. Allowance for bad debts in the governmental funds at December 31, 2017 was \$3,848.

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

City employees earn from ten to twenty days of vacation leave and from twelve to thirty days of sick leave each year. Vacation leave does not accumulate and accrued sick leave does not vest with the employee; therefore, there is no accrual for compensated absences as of December 31, 2017.

I. Short-term Interfund Receivables/Payables

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

J. Interfund Transactions

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

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Debt Service Fund	\$ 0	\$28,244
Enterprise Fund- Water	<u>28,244</u>	<u>0</u>
Totals	<u>\$28,244</u>	<u>\$28,244</u>

Transfers are primarily used to move funds:

- From the Debt Service Fund to the Water Fund to cover capital expenditures for water system improvements.

K. Long-term Obligations

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

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

L. Restricted Assets

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

M. Pensions

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

N. Deferred Outflows/Inflows of Resources

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

O. Fund Equity

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

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

In the General Fund, the City has an unassigned fund balance of \$1,315,765. If applicable, the City would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds. The City establishes fund balance commitments and assignments by passage of an ordinance or resolution.

P. Net Position

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

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

Q. Estimates

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

2. Ad Valorem Taxes

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

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

Property Tax Calendar

Assessment date	January 1
Levy date	December 31
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties & interest added	January 31
Lien date	January 31
Tax sale	May 15



City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

For the year ended December 31, 2017, taxes of 17.05 mills were levied on property with an assessed valuation totaling \$25,206,623, and were dedicated as follows:

General Alimony	8.32 mills
Operating	8.73 mills

Total taxes collected were \$435,091 after small adjustments were made to the original tax roll. Delinquent taxes are collected by the sale of the related property; therefore, no provision for uncollectibles is made.

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

<u>Taxpayer</u>	<u>Assessed Value</u>
Cleco Power, LLC	\$2,187,229
Community Bank of LA	1,324,163
Wal-mart Real Estate	717,195
Wal-mart Property Tax	673,135
Govind Hospitality, LLC	<u>658,279</u>
 Total	 <u>\$5,560,001</u>

### 3. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017, is as follows:

	<u>Balance</u> <u>1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2017</u>
Governmental Activities:				
Capital Assets not Depreciated-				
Land	\$ 201,820	\$ 0	\$ 0	\$ 201,820
Construction in Progress	62,720	668,980	0	731,700
Capital Assets Depreciated-				
Buildings & Improvements	1,073,043	0	0	1,073,043
Other Improvements	3,597,098	83,040	0	3,680,138
Equipment	865,284	3,900	0	869,184
Office Furniture	3,555	0	0	3,555
Vehicles	<u>2,100,486</u>	<u>58,501</u>	<u>385,881</u>	<u>1,773,106</u>
Total Capital Assets	<u>\$7,904,006</u>	<u>\$814,421</u>	<u>\$385,881</u>	<u>\$8,332,546</u>
Less, Accumulated Depreciation-				
Buildings & Improvements	\$ 532,997	\$ 30,024	\$ 0	\$ 563,021
Other Improvements	1,206,514	73,899	0	1,280,413
Equipment	737,970	40,492	0	778,462
Office Furniture	3,555	0	0	3,555
Vehicles	<u>1,447,454</u>	<u>151,168</u>	<u>311,920</u>	<u>1,286,702</u>
Total Accumulated Depreciation	<u>\$3,928,490</u>	<u>\$295,583</u>	<u>\$311,920</u>	<u>\$3,912,153</u>
Governmental Activities Capital Assets, Net	<u>\$3,975,516</u>	<u>\$518,838</u>	<u>\$ (73,961)</u>	<u>\$4,420,393</u>

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

Depreciation expense of \$295,583 for the year ended December 31, 2017, was charged to the following governmental functions:

General Fund-

General Government	\$124,349
Public Safety	134,818
Public Works	34,822
Sanitation	1,284
Recreation	<u>310</u>

Total General Fund \$295,583

	Balance <u>1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2017</u>
Business-Type Activities:				
Capital Assets not Depreciated-				
Land	\$ 70,361	\$ 0	\$ 0	\$ 70,361
Construction in Progress	3,250	41,868	29,800	15,318
Capital Assets Depreciated-				
Buildings	3,095	0	0	3,095
Water Treatment Plant	4,655,788	9,400	0	4,665,188
Machinery & Equipment	587,295	0	0	587,295
Pumping Station	1,524,408	0	0	1,524,408
Transmission Line	3,790,564	0	0	3,790,564
Water System	7,827,019	44,550	0	7,871,569
Sewer System	4,482,709	0	0	4,482,709
Sewer Treatment Plant	<u>2,986,330</u>	<u>0</u>	<u>0</u>	<u>2,986,330</u>
Total Capital Assets	<u>\$25,930,819</u>	<u>\$ 95,818</u>	<u>\$29,800</u>	<u>\$25,996,837</u>
Less, Accumulated Depreciation-				
Buildings	\$ 3,095	\$ 0	\$ 0	\$ 3,095
Water Treatment Plant	2,379,548	119,420	0	2,498,968
Machinery & Equipment	487,229	25,106	0	512,335
Pumping Station	1,030,326	22,460	0	1,052,786
Transmission Line	2,357,786	46,422	0	2,404,208
Water System	1,362,135	187,636	0	1,549,771
Sewer System	3,118,741	118,434	0	3,237,175
Sewer Treatment Plant	<u>2,403,071</u>	<u>43,744</u>	<u>0</u>	<u>2,446,815</u>
Total Accumulated Depreciation	<u>\$13,141,931</u>	<u>\$ 563,222</u>	<u>\$ 0</u>	<u>\$13,705,153</u>
Business-Type Activities Capital Assets, Net	<u>\$12,788,888</u>	<u>\$(467,404)</u>	<u>\$29,800</u>	<u>\$12,291,684</u>

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

Depreciation expense of \$563,222 for the year ended December 31, 2017, was charged to the following business-type functions:

Water System	\$399,473
Sewer System	<u>163,749</u>
 Total Utility Fund	 <u>\$563,222</u>

#### 4. Long-Term Debt

The following is a summary of the long-term obligation transactions for the year ended December 31, 2017.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
Governmental Funds:				
Series 2010B Sales Tax Bonds	\$2,496,000	\$ 0	\$140,000	\$2,356,000
Series 2010 Limited Tax Revenue Bonds	922,000	0	44,000	878,000
Series 2011 Sales Tax Bonds	<u>2,206,756</u>	<u>28,244</u>	<u>106,000</u>	<u>2,129,000</u>
Total Governmental Funds	<u>\$5,624,756</u>	<u>\$28,244</u>	<u>\$290,000</u>	<u>\$5,363,000</u>
Proprietary Funds:				
Series 2013 Water Revenue Refunding Bonds	\$ 147,000	\$ 0	\$ 72,000	\$ 75,000
URAF Agreements 8085, 8751, 8996	368,227	0	3,000	365,227
URAF Agreements 06465	133,859	0	0	133,859
URAF Agreements LTM-116-02	49,573	0	0	49,573
URAF Agreements LTM-399	<u>600,321</u>	<u>0</u>	<u>0</u>	<u>600,321</u>
Total Proprietary Funds	<u>\$1,298,980</u>	<u>\$ 0</u>	<u>\$ 75,000</u>	<u>\$1,223,980</u>
 Grand Total	 <u>\$6,923,736</u>	 <u>\$28,244</u>	 <u>\$365,000</u>	 <u>\$6,586,980</u>

Bonds and notes payable at December 31, 2017 are comprised of the following:

#### Governmental Funds

1. Sales Tax Bonds, Series 2010, interest at 2.95%, dated February 11, 2010, in the original amount of \$4,120,000. The bond issue consisted of \$1,000,000 of Sales Tax Revenue Bonds, Series 2010A (ARRA) and \$3,120,000 of Sales Tax Bonds, Series 2010B. The Louisiana Department of Health and Hospitals agreed to purchase the Sales Tax Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of sales and use tax revenues and the net revenues of the water system. Scheduled principal and interest payments are due annually through February 1, 2030.

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

2. Limited Tax Revenue Bonds, Series 2010, interest at 2.95%, dated November 10, 2011, in the original amount of \$1,550,000. The Louisiana Department of Health and Hospitals agreed to purchase the Limited Tax Revenue Bonds, Series 2010 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the full faith and credit of the City. The net revenues of the water system shall be set aside in the funds and accounts described in the authorizing ordinance and shall be and remain so pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. Scheduled principal and interest payments are due annually through October 1, 2032.
3. Sales Tax Bonds, Series 2011, interest at 2.95%, dated January 6, 2012, in the original amount of \$3,280,000. The Louisiana Department of Health and Hospitals agreed to purchase the Sales Tax Bonds, Series 2011 through the State Drinking Water Revolving Loan Fund for the purpose of financing a portion of the costs of constructing and acquiring improvements, extensions and replacements to its water system. The loan is secured and payable from a pledge and dedication of the revenues of a ½% sales and use tax of the City authorized at an election held on October 4, 2008, after payment of the reasonable costs of collecting and administering the tax. The net revenues of the tax shall be and remain pledged for the security and payment of the bonds in principal and interest, until the bonds shall be fully paid and discharged. Scheduled principal and interest payments are due annually through February 1, 2032.

Proprietary Funds

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

Governmental Funds

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 300,000	\$ 153,784	\$ 453,784
2019	309,000	144,801	453,801
2020	317,000	135,567	452,567
2021	328,000	126,054	454,054
2022	337,000	116,245	453,245
2023-2027	1,841,000	423,753	2,264,753
2028-2032	<u>1,931,000</u>	<u>134,328</u>	<u>2,065,328</u>
Total	<u>\$5,363,000</u>	<u>\$1,234,532</u>	<u>\$6,597,532</u>

Proprietary Funds

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 78,000	\$ 1,500	\$ 79,500
2019	3,000	0	3,000
2020	3,000	0	3,000
2021	3,000	0	3,000
2022	3,000	0	3,000
2023-2027	15,000	0	15,000
2028-2032	15,000	0	15,000
2033-2037	15,000	0	15,000
2038-2042	15,000	0	15,000
2043-2047	15,000	0	15,000
2048-2052	15,000	0	15,000
Thereafter	<u>1,043,980</u>	<u>0</u>	<u>1,043,980</u>
Total	<u>\$1,223,980</u>	<u>\$ 1,500</u>	<u>\$1,225,480</u>

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

5. Restricted Assets

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

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

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

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

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

6. Debt Service Fund

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

- *Sales Tax Account* - the proceeds of the one-half percent sales tax dedicated to fund the Sales Tax Bonds, Series 2010 and Series 2011, shall be deposited daily into this account.
- *Construction Account* - each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.
- *Sinking Fund Account* - The City must transfer from the Sales Tax Account into this account, each month on or before the 20th day of each month, an amount equal to the principal and interest accruing on the Bonds for such month, together with such additional proportionate sum as may be required to pay said principal; and interest and administrative fee as the same respectively become due.

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

- *Reserve Fund Account* - maintained solely for the purpose of paying the principal of and interest on Series 2010 and Series 2011 Bonds. The Reserve Fund is required to be funded in an amount equal to one half of the highest principal and interest requirements for any succeeding Bond Year on the Bonds by transferring such amounts as will result in the sum on deposit to be equal to the reserve account requirement.

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

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

- *Construction Account* - each installment of the purchase price of the Bonds is to be deposited into this account and the costs of the project will be disbursed from this account.
- *Sinking Fund Account* - The City must deposit from the reserves of the tax or moneys available from any source, including the one half of one percent sales and use tax not less than fifteen (15) days prior to the date that any principal and/or interest falls due, sufficient funds to pay said principal and interest.

## 7. Employee Retirement Systems

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

### A. General Information about the Plans

#### *Municipal Employees Retirement System of Louisiana (MERS)*

##### *Plan Description*

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

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

*Benefits Provided*

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

**Retirement**

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

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

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



City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

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

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

#### **Survivor's Benefits**

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

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

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

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

#### **Disability Benefits**

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

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

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

#### **Deferred Benefits**

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

#### *Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending December 31, 2017, the actual employer contribution rate was 22.75% for Plan A.

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A in proportion to salaries of plan participants. MERS also receives revenue sharing funds each year as appropriated by the Legislature. The additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. The non-employer contribution was \$45,145.

The City's contractually required composite contribution rate for the year ended December 31, 2017 was 24.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the City were \$311,298 for the year ended December 31, 2017.

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

*Plan Description*

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

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

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

*Benefits Provided*

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

## Retirement

### Membership Prior to January 1, 2013

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

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

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

### Membership Commencing January 1, 2013

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

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

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

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

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

The present value of future retirement benefits is based on benefits currently being paid by LAMPERS 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.

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

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

### **Initial Benefit Option Plan**

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

#### *Contributions*

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

For the year ended December 31, 2017, total contributions due for employers and employees were 41.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.75% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$28,215 are recognized as revenue, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended December 31, 2017 was 30.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the City were \$126,636 for the year ended December 31, 2017.

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

At December 31, 2017 and 2016, the City reported a total of \$4,358,720 for its proportionate shares of the Net Pension Liabilities of the Plans.

Plan	Measurement Date	
	June 30, 2017	June 30, 2016
MERS	\$3,068,390	\$3,282,200
LAMPERS	1,290,330	1,837,223
Total	\$4,358,720	\$5,119,423

The Net Pension Liabilities were measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liabilities were determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017 and 2016, the City's proportions of each were as follows:

Plan	Proportionate Share	
	June 30, 2017	June 30, 2016
MERS	.733464%	.800788%
LAMPERS	.226716%	.196016%
Total	.960180%	.996804%

For the year ended December 31, 2017 and 2016, the City recognized pension expense including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions as follows:

Plan	Measurement Date	
	June 30, 2017	June 30, 2016
MERS	\$370,895	\$403,909
LAMPERS	49,266	190,106
Total	\$420,161	\$594,015

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	MERS		LAMPERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 93,450	\$ 8,449	\$ 9,918	\$ 8,449	\$ 103,368
Changes in assumption	51,307	-	56,486	-	107,793	-
Net difference between projected and actual earnings on pension plan investments	618,747	-	91,814	-	710,561	-
Changes in employer's proportion of beginning net pension liability	-	224,605	-	407,774	-	632,379
Differences between employer contributions and proportionate share of employer contributions	(7,285)	-	4,062	-	(3,223)	-
Subsequent Measurement Contributions	162,362	-	58,543	-	220,905	-
<b>Total</b>	<b>\$ 825,131</b>	<b>\$ 318,055</b>	<b>\$ 219,354</b>	<b>\$ 417,692</b>	<b>\$1,044,485</b>	<b>\$ 735,747</b>

The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date in the amount of \$220,905, will be recognized as a reduction of the Net Pension Liabilities in the year December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ (98,156)
2019	101,725
2020	87,595
2021	(3,331)
<b>Total</b>	<b>\$ 87,833</b>

*Actuarial Assumptions*

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

<u>Assumptions</u>	<u>MERS</u>	<u>LAMPERS</u>
Actuarial cost method	Entry age normal cost	Entry age normal cost
Expected remaining service lives	3 years	4 years
Investment rate of return	7.400%	7.325%
Inflation rate	2.775%	2.700%
Salary increases	5.000%	Varies from 9.75% to 4.25%, depending on years of service



City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in pensions target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	MERS		LAMPERS	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	50.00%	2.30%	53.00%	3.66%
Fixed Income	35.00%	1.60%	21.00%	0.52%
Alternative	15.00%	0.70%	20.00%	1.10%
Other	0.00%	0.00%	6.00%	0.16%
Totals	<u>100.00%</u>	4.60%	<u>100.00%</u>	5.44%
Inflation		2.60%		2.75%
Expected Nominal Return		<u>7.20%</u>		<u>8.19%</u>

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

The discount rate used to measure the total pension liability was 7.4% for MERS and 7.325% for LAMPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, MERS AND LAMPERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS	\$3,910,149	\$3,068,390	\$2,350,392
LAMPERS	\$1,782,716	\$1,290,330	\$ 877,254

*Pension Plan Fiduciary Net Position*

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

8. Cash and Investments

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

Cash and investments are held separately by each of the City's funds. At December 31, 2017, cash and investments totaled \$4,100,015 (book balances), including \$750 cash on hand. Bank account and investment balances at December 31, 2017, totaled \$4,187,214. Of this amount, \$914,072 was insured by federal depository insurance, and \$3,101,813 was secured by government securities and pledged securities.

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

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

Cash and cash equivalents held at December 31, 2017 include \$166,803 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

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

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

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

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

9. Compensation of City Councilmen

A detail of compensation paid to individual councilmen for the year ended December 31, 2017 follows:

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

10. Receivables

The following is a summary of receivables at December 31, 2017:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Tax, Licenses & Permits-					
Ad Valorem	\$109,717	\$ 0	\$ 0	\$ 0	\$ 109,717
Sales & Use	187,057	93,514	0	0	280,571
Franchise	65,635	0	0	0	65,635
Hotel Occupancy	10,037	0	0	0	10,037
Video Poker	30,119	0	0	0	30,119
Other Receivables	<u>367,927</u>	<u>0</u>	<u>101,431</u>	<u>282,314</u>	<u>751,672</u>
 Total	 <u>\$770,492</u>	 <u>\$93,514</u>	 <u>\$101,431</u>	 <u>\$282,314</u>	 <u>\$1,247,751</u>

Allowance for bad debts for the garbage collections in the general fund is \$3,848. Allowance for bad debts for the sewer fund is \$14,343 and for the water fund is \$32,562.

11. Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transaction for the fiscal year ended December 31, 2017.

City of Mansfield, Louisiana  
Notes to Financial Statements  
December 31, 2017

12. On-Behalf Payments

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

City Police Department	\$67,200
City Fire Department	<u>32,633</u>
Total	<u>\$99,833</u>

13. Commitments and Contingencies

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

14. Government-Wide Net Position:

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

15. Subsequent Events:

Management has evaluated events through May 23, 2018, the date which the financial statements were available for issue.

REQUIRED SUPPLEMENTAL INFORMATION

City of Mansfield, Louisiana  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$1,956,300	\$1,977,800	\$2,399,384	\$ 421,584
Licenses & Permits	473,300	440,000	452,632	12,632
Intergovernmental	172,700	212,300	175,670	(36,630)
Charges for Services	285,500	287,000	282,551	(4,449)
Fines & Forfeitures	191,600	244,600	302,365	57,765
Miscellaneous-				
Interest	6,200	6,200	5,040	(1,160)
Oil and Gas Royalties	12,000	10,000	12,196	2,196
Miscellaneous	<u>12,400</u>	<u>317,400</u>	<u>27,828</u>	<u>(289,572)</u>
Total Revenues	<u>\$3,110,000</u>	<u>\$3,495,300</u>	<u>\$3,657,666</u>	<u>\$ 162,366</u>
EXPENDITURES:				
Current-				
General Government	\$1,230,000	\$1,313,500	\$1,196,572	\$ 116,928
Public Safety-				
Police	1,000,300	1,009,300	858,515	150,785
Fire	426,700	413,500	395,796	17,704
Public Works	352,500	354,500	323,668	30,832
Sanitation	101,000	102,000	112,449	(10,449)
Recreation	0	3,000	2,884	116
Capital Outlay	<u>29,500</u>	<u>57,800</u>	<u>86,940</u>	<u>(29,140)</u>
Total Expenditures	<u>\$3,140,000</u>	<u>\$3,253,600</u>	<u>\$2,976,824</u>	<u>\$276,776</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	\$ (30,000)	\$ 241,700	\$ 680,842	\$ 439,142
OTHER FINANCING SOURCES:	<u>0</u>	<u>0</u>	<u>309,093</u>	<u>309,093</u>
Excess (Deficiency) of Revenues and Other Sources over (Under) Expenditures	\$ (30,000)	\$ 241,700	\$ 989,935	\$ 748,235
Fund Balance-Beginning of Year	<u>348,018</u>	<u>348,018</u>	<u>348,018</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 318,018</u>	<u>\$ 589,718</u>	<u>\$1,337,953</u>	<u>\$ 748,235</u>

See independent auditor's report.

City of Mansfield, Louisiana  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended December 31, 2017

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
<i>Municipal Employees' Retirement System</i>					
2015	.885234%	\$3,162,196	\$1,491,121	212.07%	66.18%
2016	.800788%	\$3,282,200	\$1,481,072	221.61%	62.11%
2017	.733464%	\$3,068,390	\$1,310,670	234.11%	62.49%
<i>Municipal Police Employees' Retirement System</i>					
2015	.226716%	\$1,776,084	\$613,552	289.48%	70.73%
2016	.196016%	\$1,837,223	\$476,917	385.23%	66.04%
2017	.147797%	\$1,290,330	\$404,849	318.72%	70.08%

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



City of Mansfield, Louisiana  
Schedule of Employer's Contributions  
For the Year Ended December 31, 2017

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

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

City of Mansfield, Louisiana  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended December 31, 2017

Agency Head Name: Curtis McCoy, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$45,000
Benefits-Insurance	16,540
Benefits-Retirement	10,688
Deferred Compensation	0
Benefits-Other	716
Car allowance	9,000
Vehicle provided by government	0
Cell phone	1,513
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$83,457</u>

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

## OTHER REPORTS

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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

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

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

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

To the Mayor and the City Council of  
Mansfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mansfield as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Mansfield's basic financial statements, and have issued our report thereon dated May 23, 2018.

#### Internal Control over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Mansfield's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

### **City of Mansfield's Response to the Finding**

City of Mansfield's response to the findings identified in our audit is described in the accompanying schedule of findings. City of Mansfield's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Johnson, Thomas & Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

May 23, 2018  
Natchitoches, Louisiana

City of Mansfield, Louisiana  
Schedule of Audit Findings  
Year Ended December 31, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the City of Mansfield as of and for the year ended December 31, 2017.
2. The audit disclosed no material weaknesses in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

Compliance-

*2017-001 Cash Balance Unsecured*

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

*Condition* - The cash balance in the bank was not fully secured by FDIC or pledged securities at December 31, 2017.

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

*Cause* - The City made large deposits in December and the bank did not monitor the bank balances to ensure the balances were not in excess of FDIC Insurance and pledged securities.

*Recommendation* - The City should notify the bank when large deposits are made to ensure at all times that their financial institution has their funds fully secured by FDIC insurance and pledged securities. The funds were secured by January 4, 2018.

*Management's Response* - The City will contact the bank when large deposits are made to ensure at all times that our financial institution has fully secured the necessary funds by the FDIC insurance and pledged securities.

III. PRIOR YEAR FINDINGS

None Identified.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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

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

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were specified and agreed to by the City of Mansfield to assist the agency in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended December 31, 2017. We are required to perform each procedure and report the results, including any exceptions. The City is responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

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

Our procedures and associated findings are enumerated below.

#### ***Written Policies and Procedures***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:

- ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

*Written policies and procedures were obtained and address the functions noted above.*

- ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and address the functions noted above.*

- **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address the functions noted above.*

- **Receipts**, including receiving, recording, and preparing deposits

*Written policies and procedures were obtained and address the functions noted above.*

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and address the functions noted above.*

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

*Written policies and procedures were obtained and address the functions noted above.*

- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

*Written policies and procedures were obtained and address the functions noted above.*

- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*Written policies and procedures were obtained and address the functions noted above.*

- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*Written policies and procedures were obtained and address the functions noted above.*

- **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Written policies and procedures were obtained and address the functions noted above.*



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

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

- Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The council met in accordance with the City's legislation.*

- Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The minutes referenced the monthly budget-to-actual comparisons.*

- Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The minutes referenced non-budgetary financial information.*

***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*We were provided with the listing by management.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- Bank reconciliations have been prepared;

*The City has 14 bank accounts total, and we selected 5 of the bank accounts. We obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for all months, without exception.*

- Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Bank reconciliations obtained did contain evidence that management reviewed the bank reconciliations.*

- If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*There were some items outstanding for more than 6 months at the end of the fiscal period.*

### ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Management provided the listing as requested.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

- Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Management provided the documentation for the selected locations.*

- Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*Management provided the documentation for the collection location and the City does have written policies and procedures related to the reconciling of cash collections to the general ledger, by a person who is not responsible for cash collections.*

- Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Management provided the required documentation for all deposits.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Collection documentation was completely supported by documentation.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*Management provided the written procedures for collections, which does address the process to determine completeness of collections.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*We obtained the general ledger and sorted for disbursements. We obtained management's representation that the general ledger population was complete.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*All other purchase disbursements selected were initiated using a purchase order system. Included in the selection were recurring routine transactions that did not require purchase orders based on the City's policies and procedures.*

- Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Each selection showed evidence of approval by a person who did not initiate the purchase, without exception.*

- Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*All appropriate documentation was provided for each applicable selection, without exception.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The person responsible for processing payments is not prohibited from adding vendors to the City's purchasing system. The accounting system does not allow for this level of user restriction, however, it is monitored by management.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*We obtained the required documentation and noted that persons with signatory authority are not responsible for initiating or recording purchases.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*We noted all unused checks are kept in locked drawers.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*The Mayor has a signature stamp. It is maintained under the control of the Mayor.*

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

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Management provided the required listing.*

Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*Monthly statements were obtained and invoices were approved by someone other than the authorized card holder.*

- Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance charges or fees were noted.*

15. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- For each transaction, we report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Some original fuel receipts were missing for transactions selected.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions noted.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions noted.*

- For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*We noted no exceptions in the selected transactions.*

- For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*We noted no exceptions in the selected transactions.*

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

---

16. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*The City did not have any travel and expenditure reimbursements.*

17. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Policies were obtained. No amounts listed exceed GSA rates.*

18. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

*The City made no reimbursements, but paid the travel directly. This section is not applicable.*

### ***Contracts***

---

19. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Management provided the requested listing and representation.*

20. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*Formal/written contracts were provided to support the agreements.*

- Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*No noncompliance noted.*

- Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*We noted no exceptions for amendments to the contracts selected.*

- Selected the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*No exceptions noted.*

- Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*No exceptions noted.*

### ***Payroll and Personnel***

---

21. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No exceptions noted.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Changes made to hourly pay rates/salaries were approved in writing.*

22. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*All of the 25 employees selected documented daily attendance and leave.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*Supervisory approvals were noted on all selections, without exception.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*We observed the written leave records maintained for all selections, without exception.*

23. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Terminated payments to employees were made in strict accordance with policy and were approved by management, without exception.*

24. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*We obtained documentation relating to payroll taxes and retirement contributions, no exceptions were noted.*

#### ***Ethics (excluding nonprofits)***

---

25. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Ethics training documentation was found for the five randomly selected employees which were selected for payroll and personnel procedures.*

26. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Per inquiry of management, there were no alleged ethics violations reported to the City during the fiscal period.*



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

---

27. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable – No debt was issued during the fiscal period.*

28. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*The City made the scheduled debt service payments and maintained the correct debt reserves.*

29. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report whether any millages continue to be received for debt that has been paid off.

*The City had no tax millages related to debt service.*

***Other***

---

30. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, we obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Per discussion with the City, there were no funds or assets misappropriated during the period.*

31. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*We viewed the notice required by R.S. 24:523.1 posted on the City's premises.*

32. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*Not applicable – no exceptions noted.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of City of Mansfield and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully,

*Johnson, Thomas + Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

May 23, 2018  
Natchitoches, Louisiana

City of Mansfield  
Management's Response to Exceptions to  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2017

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 4: The City will implement procedures to review old outstanding checks.
- Item 15: The City will strive to obtain all original credit card receipts.