

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

**SEPTEMBER 30, 2018**

CITY OF MINDEN, LOUISIANA  
Annual Financial Report  
As of and for the Year Ended September 30, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the City Council  
City of Minden, 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 Minden, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements of the City's primary government 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 did not audit the financial statements of the City of Minden, Employee Benefit Plan & Trust, which represent 79% and 100%, respectively of the assets and net position of the fiduciary funds. Those financial statements for this fiduciary fund were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Minden, Employee Benefit Plan & Trust Fund is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City'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 City'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 in the financial statements.

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

#### **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported within the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, deferred outflows/inflows, net position, revenues, and expenses of the government-wide financial statements has not been determined.

#### **Adverse Opinion**

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Minden, Louisiana as of September 30, 2018, or the changes in financial position thereof the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Unmodified Opinion**

In our opinion, based on our audit and the report of other auditors, 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 Minden, Louisiana, as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 23 to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison schedules, Condition Rating of the City's Street System, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Employer Contributions on pages 5-14 and 80-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minden, Louisiana's basic financial statements. The accompanying supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is fairly stated, in all material respects in relation to the financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2019, on our consideration of the City of Minden, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Wise Marten & Cole LLC*  
Minden, Louisiana  
March 31, 2019



Terry L. Gardner, Mayor  
www.mindenusa.com

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### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the City of Minden, Louisiana's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the City's financial statements, which begin on page 16.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$36.9 million.
- During the year, the expense of the City's governmental activities exceeded revenues by \$0.2 million dollars before transfers. Last year, expenses exceeded revenues by \$4 million.
- The City's revenues increased from prior year revenues for both the governmental activities and business type activities, reporting total revenue of \$37.3 million.
- The total cost of all of the City's programs was approximately \$34.1 million.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 16-17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about the activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

### Reporting the City as a Whole

Our analysis of the City as a whole begins on page 16. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the City's financial health, or *financial position*.

Terry L. Gardner  
Mayor

Terika Williams-Walker  
Councilwoman - District B

Michael Fluhr  
City Clerk-Treasurer

Vincen Bradford  
Councilman - District C

L. Charles Minfield  
City Attorney

Keith Beard  
Councilman - District D

Herbert Taylor, III  
Councilman - District A

Pam Bloxom  
Councilwoman - District E





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 nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, sanitation and health, highway and streets, economic development, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and electrical systems are reported here.

### **Reporting the City's Most Significant Funds**

Our analysis of the City's major funds begins on page 18. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes (like street improvements) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like sales taxes restricted for specific use). The City's two kinds of funds –*governmental* and *proprietary* use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- **Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### The City as Trustee

The City is the trustee, or fiduciary, for the Police Bond Fund and the Pension Benefit Trust Fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 26. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

### THE CITY AS A WHOLE

The City's *combined* net position decreased by \$0.3 million. In contrast, last year's net position decreased by \$2.4 million. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

(Table 1)  
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 8,981,145	\$ 6,907,546	\$ 12,874,918	\$ 12,674,325	\$ 21,856,063	\$ 19,581,871
Capital assets	24,981,444	22,092,602	19,253,192	20,107,050	44,234,636	42,199,652
Total assets	<u>33,962,589</u>	<u>29,000,148</u>	<u>32,128,110</u>	<u>32,781,375</u>	<u>66,090,699</u>	<u>61,781,523</u>
Deferred outflows	<u>2,031,223</u>	<u>2,136,489</u>	<u>858,651</u>	<u>1,045,848</u>	<u>2,889,874</u>	<u>3,182,337</u>
Other liabilities	1,418,595	534,211	2,610,793	2,262,800	4,029,388	2,797,011
Long-term liabilities	18,373,836	16,118,891	8,498,008	7,893,190	26,871,844	24,012,081
Total liabilities	<u>19,792,431</u>	<u>16,653,102</u>	<u>11,108,801</u>	<u>10,155,990</u>	<u>30,901,232</u>	<u>26,809,092</u>
Deferred inflows	<u>919,025</u>	<u>785,508</u>	<u>291,448</u>	<u>209,644</u>	<u>1,210,473</u>	<u>995,152</u>
Net position:						
Invested in capital assets, net of related debt	23,729,030	20,450,668	17,849,097	18,552,660	41,578,127	39,003,328
Restricted	3,822,595	3,529,345	33,698	52,448	3,856,293	3,581,793
Unrestricted	<u>(12,269,269)</u>	<u>(10,281,986)</u>	<u>3,703,717</u>	<u>4,856,481</u>	<u>(8,565,552)</u>	<u>(5,425,505)</u>
Total net position	<u>\$ 15,282,356</u>	<u>\$ 13,698,027</u>	<u>\$ 21,586,512</u>	<u>\$ 23,461,589</u>	<u>\$ 36,868,868</u>	<u>\$ 37,159,616</u>

The largest portion of the City of Minden's net position totaling approximately \$41.6 million reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Minden uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Minden'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.

### Governmental Activities – Net Position

Expenses of the governmental activities exceeded the revenues generated by taxes and program revenues by \$0.2 million. The governmental activities were funded with transfers of \$3.9 million from the City's business type activities. Before the restatement of prior year net position due to the implementation of GASB 75, the City's net position increased by approximately \$4.2 million. Net

position was decreased by \$2.6 million due to the change in the total OPEB liability recognized in this year's financials. After the restatement, the net position of the governmental activities increased by \$1.6 million.

The restricted net position of the governmental activities represents the portion of net position that is not available to finance the day-to-day operations. The use of restricted assets is subject to constraints established by a voter-approved city ordinance. Restricted net position increased by \$0.3 million to a total of \$3.8 million, a majority of which is available to finance specific funding for sewer and recreational activities.

#### **Business-type Activities – Net Position**

There was a \$1.8 million decrease in the total net position of the business-type activities. Before the transfer of funds between the business type activities and the governmental activities, the business type activities reported a \$3.0 million surplus. The decrease in net position was due to \$3.9 million in net transfers between the business-type and governmental activities of the City, and \$0.9 million restatement of net position for the change in total OPEB liability.

#### **Governmental activities**

Our analysis that follows separately considers the operations of governmental and business-type activities. The total revenues for governmental activities increased when compared to prior year revenues by \$3.9 million. The major reasons for the increase were the additional \$2.9 million in federal grants to fund cost of airport improvements as well as \$0.9 million increase in sales tax revenues.

Governmental expenses were comparable to last year, decreasing slightly by approximately \$0.4 million.

#### **Business-type activities**

This year, revenues exceeded expenses for business-type activities by \$3.0 million before transfers. Last year, the surplus was \$1.7 million before transfers.

After transferring approximately \$4.8 million to the City's governmental funds and receiving \$0.9 million from other governmental activities, the net transfers of funds from business type activities to governmental activities was \$3.9 million, resulting in the net position of the City's business type activities to decrease by almost \$0.9 million.

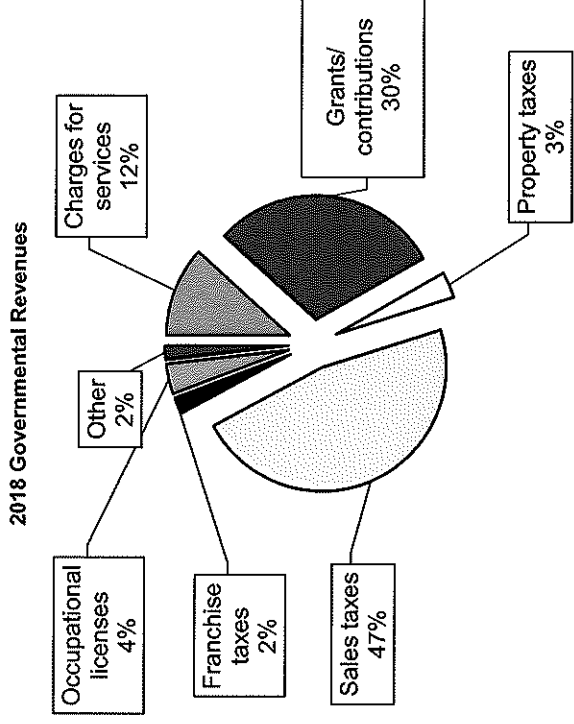
The City's total business type revenues were higher by \$1.5 million when compared to the prior year. There were increases in revenues from water, sewer and electric, with water revenues reporting the largest increase, being \$0.7 million more than last year. Sewer and electric charges were \$0.4 million and \$0.3 million, respectively more than last year. In addition, the City recognized revenues from the new infrastructure surcharge of \$0.2 million. The surcharge being charged to secure the financing of future infrastructure projects.

The total cost of all programs was approximately \$20.3 million, with 74% of the cost occurring within the electric department. The cost of programs was comparable to the prior year, increasing slightly by \$0.2 million.

(Table 2)  
Changes in Net Position

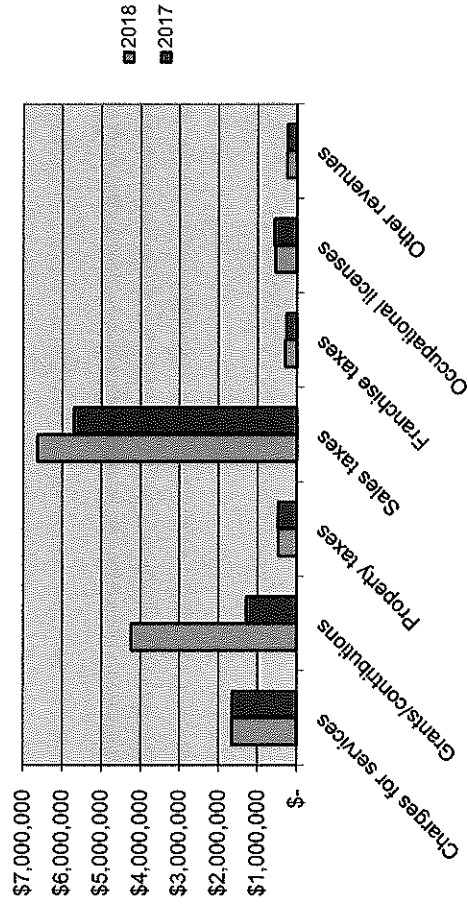
	Governmental Activities		Business-type Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,667,161	\$ 1,649,244	\$ 22,750,302	\$ 21,132,107	\$ 24,417,463	\$ 22,781,351
Operating grants/contributions	753,316	680,082	61,397	63,515	814,713	743,597
Capital grants/contributions	3,486,620	605,344	42,058	-	3,528,678	605,344
General revenues:						
Property taxes	469,185	484,843	-	-	469,185	484,843
Sales taxes	6,632,723	5,697,247	-	-	6,632,723	5,697,247
Franchise taxes	303,108	277,366	-	-	303,108	277,366
Occupational licenses	548,879	574,305	-	-	548,879	574,305
Other general revenues	<u>255,856</u>	<u>244,357</u>	<u>400,632</u>	<u>588,921</u>	<u>656,488</u>	<u>833,278</u>
Total revenues	<u>14,116,848</u>	<u>10,212,788</u>	<u>23,254,389</u>	<u>21,784,543</u>	<u>37,371,237</u>	<u>31,997,331</u>
<b>Program expenses</b>						
General government	3,554,672	3,745,834	-	-	3,554,672	3,745,834
Public safety	5,315,280	5,045,797	-	-	5,315,280	5,045,797
Highway and streets	1,216,323	1,545,321	-	-	1,216,323	1,545,321
Sanitation and health	887,160	862,209	-	-	887,160	862,209
Parks and recreation	2,157,160	2,282,786	-	-	2,157,160	2,282,786
Public works	678,960	694,039	-	-	678,960	694,039
Interest on long-term debt	60,011	70,742	-	-	60,011	70,742
Water	-	-	2,482,095	2,319,349	2,482,095	2,319,349
Sewer	-	-	1,483,713	1,690,432	1,483,713	1,690,432
Electric	-	-	15,097,453	14,740,290	15,097,453	14,740,290
Other	-	-	<u>1,216,391</u>	<u>1,375,149</u>	<u>1,216,391</u>	<u>1,375,149</u>
Total expenses	<u>13,869,366</u>	<u>14,246,728</u>	<u>20,279,652</u>	<u>20,125,220</u>	<u>34,149,218</u>	<u>34,371,948</u>
Excess (deficiency) before transfers	247,282	(4,033,940)	2,974,737	1,659,323	3,222,019	(2,374,617)
Transfers	<u>3,906,629</u>	<u>3,212,650</u>	<u>(3,906,629)</u>	<u>(3,212,650)</u>	-	-
Change in net position	4,153,911	(821,290)	(931,892)	(1,553,327)	3,222,019	(2,374,617)
Net position, beginning,						
As originally stated	13,698,027	14,519,317	23,461,589	25,014,916	37,159,616	39,534,233
Prior period adjustment	<u>(2,569,582)</u>	-	<u>(943,185)</u>	-	<u>(3,512,767)</u>	-
Net position, beginning, restated	<u>11,128,445</u>	<u>14,519,317</u>	<u>22,518,404</u>	<u>25,014,916</u>	<u>33,646,849</u>	<u>39,534,233</u>
Net position, end of year	<u>\$ 15,282,356</u>	<u>\$ 13,698,027</u>	<u>\$ 21,586,512</u>	<u>\$ 23,461,589</u>	<u>\$ 36,868,868</u>	<u>\$ 37,159,616</u>

The following chart displays the various types of governmental revenues and their respective percentage of total governmental revenues received as of September 30, 2018:

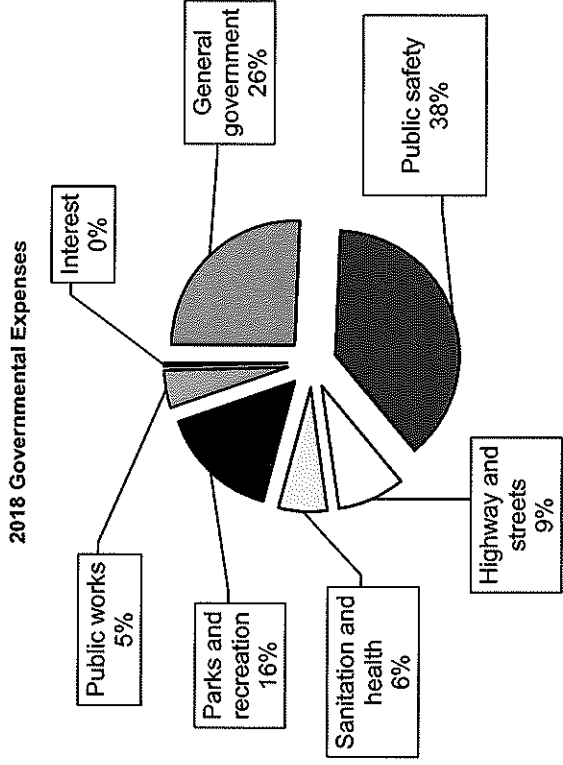


The chart below compares governmental revenues of the current year to the prior year.

**Comparison of current year and prior year governmental activity revenues**

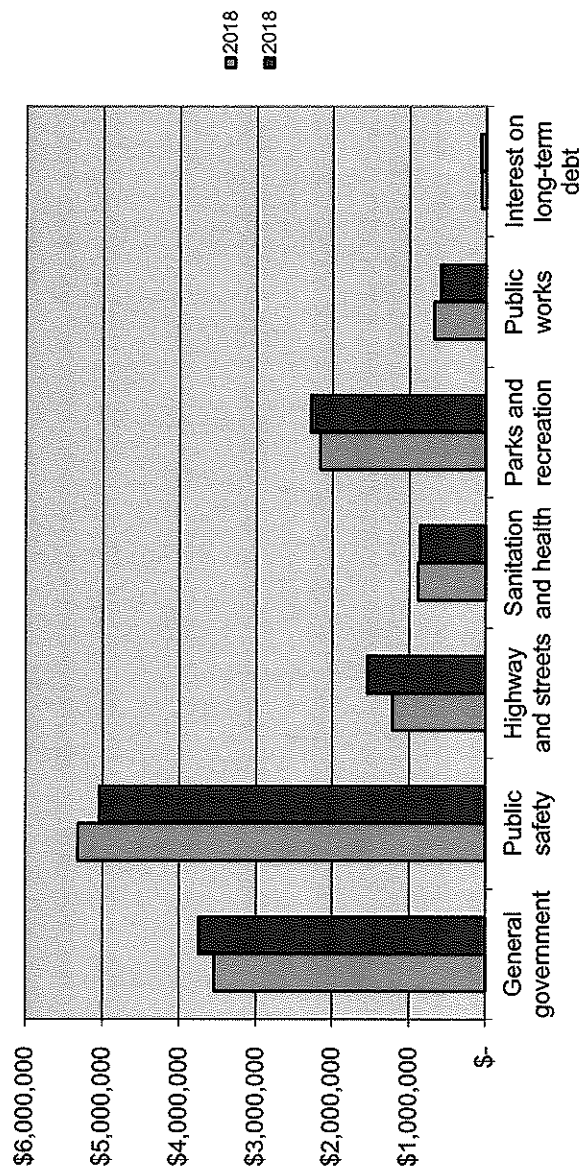


The following chart displays the various types of governmental activity expenses and their respective percentage of total governmental expense received as of September 30, 2018:



The City's largest program expenses during the current year were public safety and general government, which are 38% and 26% of the total governmental type program expense in the current year, respectively. The chart below compares program expenses of the current year to the prior year.

**GOVERNMENTAL ACTIVITIES - PROGRAM EXPENSES**



## THE CITY'S FUNDS

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

As the City completed the year, its governmental funds (as presented in the balance sheet on page 18) reported a combined fund balance of \$7.2 million, increasing by \$0.9 million.

City revenues increased by approximately \$2.5 million, due to an increase in grant revenues funding the airport project improvements for the current year. City expenditures increased from \$13.4 million to \$16.5 million. Main changes in expenditures were:

- City reported \$3.3 million in airport improvements. In the prior year, the City reported \$0.2 million in airport improvements.
- Public works expenditures were less than last year by \$0.2 million. Last year, they spent more on repairs and maintenance than they did in the current year.

**Proprietary funds** – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

While the Sewer Plant Sales Tax Fund transferred in approximately \$0.9 million to the Utility Fund, those resources are restricted to assist funding the costs of sewerage activities. Approximately \$4.6 million was transferred from the Utility Fund to the General Fund to assist funding of the City's General Fund activities, which includes operating the administrative, civic center, city court, building inspector, and main street programs. The amount transferred to the General Fund was approximately \$.6 million more than the amount transferred in the prior year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City Council amended the budget twice.

The first amendment was on November 6, 2017. The amendment was made to the General Fund budget to increase revenue from the FAA grant and increase expenditures for the airport related to the grant.

The second amendment was on November 5, 2018. The amendments were made to the General Fund, Water & Electric Fund, and the Sewer Plant Sales Tax Fund. The amendment made to the General Fund was to decrease the transfer from the Water & Electric Fund and decrease street repairs expenditures. The amendment to the Water & Electric Fund was to decrease expenditures for repairs to wastewater line, sewer main improvements, engineering, and to decrease the transfer to the General Fund. The amendment to the Sewer Plant Sales Tax Fund was to reduce the amount of transfers to the Water & Electric Fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of September 30, 2018, the City had \$44,234,636 invested in capital assets including police and fire equipment, buildings, park facilities, water, sewer and electric lines. This amount represents an increase of approximately \$2,035,000 in investments in capital assets.

### City of Minden's Capital Assets at Year-end (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,942,729	\$ 1,942,729	\$ 322,342	\$ 322,342	\$ 2,265,071	\$ 2,265,071
Construction in progress	3,841,811	83,701	119,641	59,401	3,961,452	143,102
Building and improvements	10,751,791	11,157,821	3,967,393	4,332,416	14,719,184	15,490,237
Land improvements other than buildings	4,792,879	5,069,050	13,451,789	14,030,872	18,244,668	19,099,922
Equipment	1,607,900	1,667,155	1,392,027	1,362,019	2,999,927	3,029,174
Infrastructure	<u>2,044,334</u>	<u>2,172,146</u>	-	-	<u>2,044,334</u>	<u>2,172,146</u>
Totals	<u>\$24,981,444</u>	<u>\$22,092,602</u>	<u>\$19,253,192</u>	<u>\$20,107,050</u>	<u>\$44,234,636</u>	<u>\$42,199,652</u>

Major construction projects undertaken by the City include the following:

	Costs incurred during 09/30/2018	Completed cost of project	Grant recognized as of 09/30/18
Streets Overlay	\$ 386,821	Not completed	
Water Main Improvements	257,076	\$ 276,458	
Sewer Improvements	79,622	Not completed	
Airport Parallel Taxiway	<u>3,371,289</u>	Not completed	\$3,718,989*
	<u>\$ 4,094,808</u>		

\* The City was awarded federal and state grants to reimburse all or a portion of the cost of the projects as expenses are incurred.

Only bridges owned by the City are capitalized as infrastructure. The City has elected to report its system of streets under the modified approach. Neither their historical cost nor related depreciation has been reported in the financial statements. There were no significant changes in the assessed condition of infrastructure assets eligible under the modified approach. The current assessed condition of roads is comparative with the condition level the City has established.



**Debt**

At year-end, the City had \$1,010,000 in debt as compared to \$1,330,000 last year.

General obligation bonds (backed by taxes & City)	Governmental Activities		Business-type Activities		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$ 1,010,000	\$ 1,330,000	\$ -	\$ -	\$ 1,010,000	\$ 1,330,000

More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

**COMPONENT UNITS**

The City has chosen not to include the following component units in the basic financial statements: City Court of Minden and Minden Ward Marshal. Separate financial statements for each of these component units can be obtained by contacting the component unit.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The increase in sales tax collections and the assumption of a continuation allowed a more optimistic budget proposal for the following year. The City will still maintain the high service levels for fiscal year 2018/2019 without any major rate increases anticipated in the near future. Expenditures related to personnel continue to rise.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's office at 520 Broadway, Minden, Louisiana.

**BASIC FINANCIAL STATEMENTS**

STATEMENT A

CITY OF MINDEN, LOUISIANA  
Statement of Net Position  
September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,307,414	\$ 3,305,522	\$ 8,612,936
Investments	2,370,514	4,424,808	6,795,322
Receivables	671,258	2,969,928	3,641,186
Due from other governments	354,042	-	354,042
Due from other funds	19,830	-	19,830
Internal balances	(99,850)	99,850	-
Inventory	25,970	1,297,183	1,323,153
Prepays	48,233	24,328	72,561
Restricted assets - noncurrent:			
Cash and cash equivalents	283,734	749,233	1,032,967
Investments	-	4,066	4,066
Capital assets:			
Land and construction in progress	5,784,540	441,982	6,226,522
Depreciable capital assets, net of depreciation	19,196,904	18,811,210	38,008,114
<b>TOTAL ASSETS</b>	<u>33,962,589</u>	<u>32,128,110</u>	<u>66,090,699</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	32,872	-	32,872
Deferred outflows on pensions	1,998,351	858,651	2,857,002
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,031,223</u>	<u>858,651</u>	<u>2,889,874</u>
<b>LIABILITIES</b>			
Accounts, salaries and other payables	1,405,936	1,592,979	2,998,915
Interest payable	12,659	30,496	43,155
Deposits payable	-	719,601	719,601
Unearned revenue	-	267,717	267,717
Long-term liabilities			
Due within one year	439,080	176,110	615,190
Due in more than one year	17,934,756	8,321,898	26,256,654
<b>TOTAL LIABILITIES</b>	<u>19,792,431</u>	<u>11,108,801</u>	<u>30,901,232</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pensions	919,025	291,448	1,210,473
<b>NET POSITION</b>			
Net investment in capital assets	23,729,030	17,849,097	41,578,127
Restricted for:			
Sewerage, recreational facilities, and related debt service	3,762,752	-	3,762,752
Drug enforcement activities	59,843	-	59,843
Utility meter deposits	-	33,698	33,698
Unrestricted	(12,269,269)	3,703,717	(8,565,552)
<b>TOTAL NET POSITION</b>	<u>\$ 15,282,356</u>	<u>\$ 21,586,512</u>	<u>\$ 36,868,868</u>

The accompanying notes are an integral part of this statement.

STATEMENT B

CITY OF MINDEN, LOUISIANA  
Statement of Activities  
For the Year Ended September 30, 2018

Functions/Programs	Program Revenues			Net (Expenses)/Revenue			Changes of Primary Government		
	Operating	Grants and Contributions	Capital Grants & Contributions	Operating	Grants and Contributions	Capital Grants & Contributions	Business-type Activities	Governmental Activities	Total
General government	\$ (3,554,672)	\$ 118,768	\$ 93,917	\$ (3,341,987)	\$ (3,341,987)	\$ -	\$ -	\$ (3,341,987)	\$ (3,341,987)
Public safety	(5,315,280)	122,137	615,448	(4,577,695)	(4,577,695)	-	-	(4,577,695)	(4,577,695)
Highway and streets	(1,216,323)	-	27,634	(1,120,020)	(1,120,020)	-	-	(1,120,020)	(1,120,020)
Sanitation and health	(887,160)	1,070,464	915	184,219	184,219	-	-	184,219	184,219
Parks and recreation	(2,157,160)	71,856	13,174	(2,072,130)	(2,072,130)	-	-	(2,072,130)	(2,072,130)
Public works	(678,960)	283,936	2,228	3,025,155	3,025,155	-	-	3,025,155	3,025,155
Interest on long-term debt	(60,011)	-	-	(60,011)	(60,011)	-	-	(60,011)	(60,011)
Total governmental activities	(13,869,566)	1,667,161	753,316	(7,962,469)	(7,962,469)	-	-	(7,962,469)	(7,962,469)
Business-type activities:									
Water	(2,482,095)	2,942,515	12,939	515,417	515,417	-	-	515,417	515,417
Sewer	(1,483,713)	1,750,964	9,152	276,403	276,403	-	-	276,403	276,403
Electric	(15,097,453)	17,829,075	24,751	2,756,373	2,756,373	-	-	2,756,373	2,756,373
Other	(1,216,391)	227,748	14,555	-	-	-	-	(974,088)	(974,088)
Total business-type activities	(20,279,652)	22,750,302	61,397	2,574,105	2,574,105	-	-	2,574,105	2,574,105
Total primary government	\$ (34,149,218)	\$ 24,417,463	\$ 814,713	\$ (7,962,469)	\$ (7,962,469)	\$ (5,388,364)	\$ 2,574,105	\$ (5,388,364)	\$ (5,388,364)
General revenues:									
Property taxes levied for general purposes	469,185	-	-	469,185	469,185	-	-	469,185	469,185
Sales taxes	6,632,723	-	-	6,632,723	6,632,723	-	-	6,632,723	6,632,723
Franchise taxes	303,108	-	-	303,108	303,108	-	-	303,108	303,108
Occupational licenses	548,879	-	-	548,879	548,879	-	-	548,879	548,879
Grants and contributions not restricted to specific programs	-	63,077	-	63,077	63,077	-	-	63,077	63,077
Investment income	24,972	-	-	24,972	24,972	-	-	24,972	24,972
Other general revenues	230,884	294,987	-	525,871	525,871	-	-	525,871	525,871
Transfers	3,906,629	(3,906,629)	-	-	-	-	-	-	-
Total general revenues and transfers	12,116,380	(3,505,997)	8,610,383	12,116,380	12,116,380	(931,892)	3,222,019	8,610,383	8,610,383
Change in net position	4,153,911	(931,892)	3,222,019	4,153,911	4,153,911	(931,892)	3,222,019	3,222,019	3,222,019
Net position—beginning, as originally stated	13,698,027	23,461,589	37,159,616	13,698,027	23,461,589	37,159,616	13,698,027	23,461,589	37,159,616
Prior period adjustment	(2,569,582)	(943,185)	(3,512,767)	(2,569,582)	(943,185)	(3,512,767)	(2,569,582)	(943,185)	(3,512,767)
Net position—beginning, restated	11,128,445	22,518,404	33,646,849	11,128,445	22,518,404	33,646,849	11,128,445	22,518,404	33,646,849
Net position—ending	\$ 15,282,356	\$ 21,586,512	\$ 36,868,868	\$ 15,282,356	\$ 21,586,512	\$ 36,868,868	\$ 15,282,356	\$ 21,586,512	\$ 36,868,868

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA  
 Balance Sheet  
 Governmental Funds  
 September 30, 2018

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,583,572	\$ 1,339,451	\$ 1,995,718	\$ 672,407	\$ 5,591,148
Investments	639,668	381,428	767,246	582,172	2,370,514
Receivables	117,336	264,963	264,963	23,996	671,258
Due from other funds	19,830	-	-	-	19,830
Due from other governments	354,042	-	-	-	354,042
Inventory	25,970	-	-	-	25,970
<b>TOTAL ASSETS</b>	<u>\$ 2,740,418</u>	<u>\$ 1,985,842</u>	<u>\$ 3,027,927</u>	<u>\$ 1,278,575</u>	<u>\$ 9,032,762</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
LIABILITIES					
Accounts, salaries, and other payables	\$ 1,361,845	\$ 50,000	\$ -	\$ -	\$ 1,411,845
Due to other funds	99,851	-	-	-	99,851
<b>TOTAL LIABILITIES</b>	<u>1,461,696</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>1,511,696</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	343,108	-	-	-	343,108
<b>FUND BALANCES</b>					
Nonspendable	25,970	-	-	-	25,970
Restricted	-	-	3,027,927	1,063,750	4,091,677
Assigned	-	1,935,842	-	214,825	2,150,667
Unassigned	909,644	-	-	-	909,644
<b>TOTAL FUND BALANCES</b>	<u>935,614</u>	<u>1,935,842</u>	<u>3,027,927</u>	<u>1,278,575</u>	<u>7,177,958</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 2,740,418</u>	<u>\$ 1,985,842</u>	<u>\$ 3,027,927</u>	<u>\$ 1,278,575</u>	<u>\$ 9,032,762</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

The accompanying notes are an integral part of this statement.

STATEMENT D

CITY OF MINDEN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position

September 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances, total governmental funds (Statement C)	\$ 7,177,958
Some receivables are not available to pay the current period expenditures and, therefore are deferred in the fund financial statements	343,108
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements	24,981,444
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the fund financial statements	48,233
Prepaid assets	
Deferred outflows/inflows related to pensions are not due and payable in the current period and accordingly not recorded in the fund financial statements	1,998,351
Deferred outflows on pensions	(919,025)
Deferred inflows on pensions	
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, therefore, are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term are reported in the Statement of Net Position.	
Accrued interest payable	\$ (12,659)
Compensated absences	(438,619)
Bonds payable	(1,010,000)
less: deferred charge on refunding	32,872
Capital lease obligation	(275,286)
Pension liability	(9,204,637)
OPEB obligation	<u>(7,439,384)</u>
	<u>(18,347,713)</u>
Net position of governmental activities (Statement A)	\$ <u>15,282,356</u>

The accompanying notes are an integral part of this statement.

## CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and  
and Changes in Fund Balances  
Governmental Funds

For the Year Ended September 30, 2018

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes:					
Ad valorem	\$ 475,789	-	-	-	\$ 475,789
Sales and use	-	3,257,758	3,257,759	117,206	6,652,723
Franchise	253,911				
Other	88,421				
Licenses and permits	611,429				611,429
Fees and rentals	196,562				196,562
Charges for services	1,293,602				1,293,602
Intergovernmental revenues:					
Federal grants	2,856,295				2,856,295
State/Parish	728,524				728,524
Other	83,280				83,280
Fines and forfeitures	115,146			6,991	122,137
Investment earnings	6,180	4,924	6,965	6,903	24,972
Other revenues	152,892			42,823	195,715
Total revenues	<u>6,862,031</u>	<u>3,262,682</u>	<u>3,264,724</u>	<u>173,923</u>	<u>13,221,028</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,135,704	44,056	43,485	6,539	3,229,784
Public safety	4,870,304	-	-	19,285	4,889,589
Highways and streets	1,014,690	-	-	-	1,014,690
Sanitation and health	883,081	-	-	-	883,081
Parks and recreation	1,741,844	-	-	-	1,741,844
Public works	406,139	-	-	-	406,139
Capital outlay	3,906,042	-	-	14,500	3,920,542
Debt service:					
Principal	85,966	-	-	320,000	405,966
Interest and other charges	11,914	-	-	35,775	47,689
Total expenditures	<u>16,055,684</u>	<u>44,056</u>	<u>43,485</u>	<u>396,099</u>	<u>16,539,324</u>
Excess (deficiency) of revenues over (under) expenditures	(9,193,653)	3,218,626	3,221,239	(222,176)	(3,318,296)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	8,943,921	-	-	563,508	9,507,429
Transfers out	-	(2,799,000)	(2,801,800)	-	(5,600,800)
Total other financing sources (uses)	<u>8,943,921</u>	<u>(2,799,000)</u>	<u>(2,801,800)</u>	<u>563,508</u>	<u>3,906,629</u>
Net change in fund balances	(249,732)	419,626	419,439	341,332	930,665
Fund balances - beginning, as originally stated	1,241,655	1,516,216	2,608,488	937,243	6,303,602
Prior period adjustment	(56,309)	-	-	-	(56,309)
Fund balances - beginning, restated	<u>1,185,346</u>	<u>1,516,216</u>	<u>2,608,488</u>	<u>937,243</u>	<u>6,247,293</u>
Fund balances - ending	<u>\$ 935,614</u>	<u>\$ 1,935,842</u>	<u>\$ 3,027,927</u>	<u>\$ 1,278,575</u>	<u>\$ 7,177,958</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2018

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

Net change in fund balances, total governmental funds, Statement E	\$ 930,665
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,888,842
Revenues in the Statement of Activities that do not provide current resources are not reported as revenues in the fund financial statements	321,168

The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid. (65,203)

The Statement of Activities reflects the effects of other post-employment benefits, which is based on an actuarial amount that is increased over an amortized period and decreased for amounts actually paid during the year. The governmental funds reflect only the payments made as current year expenditures. This year, the change in OPEB liability was: (280,558)

The Statement of Activities recognizes compensated absences (vacations and sick leave) by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used, essentially the amounts actually paid. This year, the change in compensated absences was: (51,888)

The issuance of long-term debt (bonds, capital leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 403,966

Other 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:

Prepaid assets	\$ (6,166)
Accrued interest on long-term debt	(12,922)
Claims	<u>24,007</u>
	<u>4,919</u>

Change in net position of governmental activities, Statement B \$ 4,153,911

The accompanying notes are an integral part of this statement.



**CITY OF MINDEN, LOUISIANA**  
**Statement of Net Position, Proprietary Funds**  
**September 30, 2018**

Business Type Activities -

Enterprise Funds  
Utility Fund

\$	3,305,522
	4,424,808
	2,969,928
	99,850
	1,297,183
	24,328
	<u>12,121,619</u>

**ASSETS**

Current assets:

Cash and cash equivalents

Investments

Accounts receivable, net of allowance

Due from other funds

Inventory

Prepays

Total current assets

Noncurrent assets:

Restricted assets -

Cash and interest-bearing bank deposits

Investment

Capital assets:

Land

Construction in progress

Plant and equipment

less: accumulated depreciation

Total noncurrent assets

Total assets

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows on pensions

**LIABILITIES**

Current liabilities:

Accounts payable and accrued interest

Unearned revenue

Compensated absences

Capital lease obligations

Total current liabilities

Current liabilities payable from restricted assets

Noncurrent liabilities:

Compensated absences payable

Capital lease obligations

Other postemployment benefit payable

Net pension liability

Total noncurrent liabilities

Total liabilities

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows on pensions

**NET POSITION**

Invested in capital assets

Restricted for meter deposits

Unrestricted

Total net position

	17,849,097
	33,698
	3,703,717
\$	<u>21,586,512</u>

The accompanying notes are an integral part of this statement.

**STATEMENT H**

**CITY OF MINDEN, LOUISIANA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

Business Type Activities -  
Enterprise Funds  
Utility Fund

<b>OPERATING REVENUES</b>	
Charges for services	\$ 17,829,075
Electric	2,942,515
Water	1,750,964
Sewerage	315,262
Penalties/service charges	347,722
Other revenues	<u>23,185,538</u>
Total operating revenues	

<b>OPERATING EXPENSES</b>	
Purchase of power	12,462,455
Personnel services	2,568,391
Materials and supplies	234,477
Insurance claims and expenses	918,960
Repairs and maintenance	1,069,073
Other services and charges	1,436,101
Bad debt expenses	174,120
Depreciation	<u>1,357,923</u>
Total operating expenses	<u>20,221,500</u>

Operating income 2,964,038

<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	42,568
Grant - intergovernmental	105,135
Investment expenses	(7,428)
Interest expense	(50,724)
Loss on disposal of capital assets	<u>(78,852)</u>
Total nonoperating revenues and expenses	<u>10,699</u>

**INCOME BEFORE CONTRIBUTIONS AND TRANSFERS** 2,974,737

Transfers in	893,130
Transfers out	<u>(4,799,759)</u>
Total transfers	<u>(3,906,629)</u>

**CHANGE IN NET POSITION** (931,892)

Net position - beginning, as originally stated	23,461,589
Prior period adjustment	<u>(943,185)</u>
Net position - beginning, restated	<u>22,518,404</u>
Net position - ending	<u>\$ 21,586,512</u>

The accompanying notes are an integral part of this statement.



STATEMENT I

Business Type Activities -  
Enterprise Funds  
Utility Fund

<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss)	\$ 2,964,038
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,357,923
Bad debt	174,120
Changes in assets and liabilities -	
Decrease (increase) in accounts receivable	(216,173)
Decrease (increase) in accounts receivable - other	(1,260)
Decrease (increase) in inventory	(125,144)
Decrease (increase) prepaids	7,972
Decrease (increase) deferred outflows	187,197
Increase (decrease) in accounts payable	142,240
Increase (decrease) in interfund payable	40,939
Increase (decrease) in accrued compensated absences	8,959
Increase (decrease) in unearned revenue	134,625
Increase (decrease) deferred inflows	81,804
Increase (decrease) retirement payable	(241,320)
Increase (decrease) in net OPEB obligation	99,163
	<hr/>
Net cash provided by operating activities	\$ 4,615,083

**STATEMENT J**

**CITY OF MINDEN, LOUISIANA**  
**Statement of Fiduciary Net Position**  
**September 30, 2018**

	Pension Trust Funds (3/31/18)	Agency Fund - Police Bond Fund
<b>ASSETS</b>		
Cash	\$ 152,817	\$ 88,742
Receivables:		
A/R - net of allowance	-	-
Insurance company receivable	184,429	-
Total assets	\$ 337,246	\$ 88,742
<b>LIABILITIES</b>		
Claims payable	\$ 82,132	\$ -
Claims incurred but not reported	134,138	-
Due to the general fund	-	19,830
Due to other governmental units	-	68,912
Total liabilities	216,270	88,742
<b>(DEFICIT) OF NET POSITION FOR BENEFITS OVER BENEFIT OBLIGATIONS</b>	<b>\$ 120,976</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

**STATEMENT K**

**CITY OF MINDEN, LOUISIANA**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended March 31, 2018**

<u>NET INCREASE IN BENEFIT OBLIGATIONS</u>	
Increase during the year attributable to:	
Claims payable	\$ 67,626
Claims incurred but not reported	<u>(468,262)</u>
<u>NET INCREASE IN BENEFIT OBLIGATIONS</u>	
	<u>(400,636)</u>
<u>NET (DECREASE) IN NET POSITION AVAILABLE FOR BENEFITS</u>	
Additions to plan assets attributable to:	
Sponsor contributions	2,281,319
Participant contributions	567,105
Retiree contributions	150,700
Insurance company reimbursements	1,302,237
Interest income	<u>3,855</u>
<b>TOTAL ADDITIONS</b>	<u>4,305,216</u>
Deductions from plan assets attributable to:	
Benefits paid to participants	3,748,079
Payments for insurance premiums	818,571
Administrative expenses	<u>57,029</u>
<b>TOTAL DEDUCTIONS</b>	<u>4,623,679</u>
<b>NET (DECREASE) IN NET POSITION AVAILABLE FOR BENEFITS</b>	<u>(318,463)</u>
<b>(DECREASE) IN EXCESS OF NET POSITION AVAILABLE FOR</b>	
<b>BENEFITS OVER BENEFIT OBLIGATIONS</b>	82,173
<b>(DEFICIT) OF NET POSITION AVAILABLE FOR BENEFITS OVER</b>	
<b>BENEFIT OBLIGATIONS</b>	
<b>BEGINNING OF YEAR</b>	<u>38,803</u>
<b>END OF YEAR</b>	<u>\$ 120,976</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Minden, Louisiana (the City) was incorporated in 1928, under the provisions of Act No. 226 of the 1928 Special Acts of Louisiana Legislature. The City is located in the Parish of Webster in the northwest corner of the State of Louisiana. Elected officials of the City of Minden are a mayor, five (5) aldermen, and a chief of police, all of whom serve four-year terms. The affairs of the City are conducted and managed by the mayor and board of aldermen, referred to as "The Council." The City provides a full range of municipal services as authorized by its charter. These include public safety (police and fire), street, water, electric, sewerage, sanitation and health, zoning and general administrative services.

The City is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity*: *Omnibus* establishes criteria for determining the governmental reporting entity and component units that should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the City 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.
2. Organizations that are fiscally dependent on the City and there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City.
3. Organizations for which the reporting entity 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 aforementioned criteria, the City has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal</u>	<u>Criteria</u>
	<u>Year End</u>	<u>Used</u>
City Court of Minden	December 31	2 and 3
Minden Ward Marshal	December 31	2 and 3

The City has chosen not to include the component units listed above in the basic financial statements. Separate financial statements for each of these component units can be obtained by contacting the component unit.

The financial activity of the Minden Historic Downtown Development District Commission is reported within the City's General Fund. The Commission is not reported as a component unit of the City because they do not have

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

separate corporate powers that would distinguish them as being legally separate from the primary government, primarily due to the fact that the Commission does not have the right to buy, sell, lease and mortgage property in its own name. Furthermore, it was determined that the City holds the Commission's corporate powers.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (City) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units except for the inclusion of the component units as discussed above.

Other related organizations

The Minden Housing Authority - The Authority provides housing to certain qualified residents and is funded by the U.S. Government grants and rental charges. The City is not responsible for financing deficits nor entitled to surpluses. The City does not significantly influence operational or fiscal matters of the Authority. The Minden Housing Authority is fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, it is not included in the City's financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements.

Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported separately in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

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.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Program revenues Program revenues included in the Statement of Activities 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.



CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

Allocation of indirect expenses 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. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

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 government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Revenues from expenditure-driven grants are considered to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Revenues

- Ad valorem taxes (property) are recorded in the year they are assessed. Property taxes are assessed on a calendar-year basis and become due on the date November 15 of each year and become delinquent on December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.
- Sales taxes are recognized when received by the City's collections agent, the Webster Parish Sales & Use Tax Commission.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year end.)
- Fines, forfeitures, licenses and permits are considered measurable and available when they are collected.
- Interest income on investments is recorded when earned and the income is available.
- Substantially all other revenue items are recorded when they are considered to be measurable and available to the City.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term obligations, which are recognized when due.

Other Financing Sources (Uses)

Sales of fixed assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the proprietary funds are from charges for electrical, water and sewerage services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Funds**

The accounts of the City are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The governmental funds are divided into separate "fund types." Governmental funds are used to account for government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Sales Tax Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective August 1, 1967.

The Sales Tax Fund – Sewerage System Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective December 1, 1984. By special election held April 15, 2000, the City rededicated and renewed the levy of this one percent (1%) sales and use tax.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

The municipality reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Pension (and other employee benefit) Trust Fund is used to report resources and activities when the City is acting as a trustee for individuals. The Pension Trust Fund is used to account for medical, dental, vision, life and accidental death benefits covering substantially all employees.

#### **D. Deposits and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit with an original maturity of less than 90 days. Cash and cash equivalents are stated at cost.

Louisiana Revised Statutes and the City's investment policy govern the types of allowable securities to be purchased by the municipality. The City of Minden is authorized to invest in the following types of investments:

- 1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
- 2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S.
- 3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored
- 4) Collateralized mortgage obligations, which have not been stripped into interest only or principal only obligations
- 5) Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the state of Louisiana

These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

90 days or less, they are classified as cash equivalents. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

**E. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, franchise taxes, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days, when considered both measurable and available.

**F. Elimination and Reclassification**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's utility fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

**G. Inventories and Prepaid Items**

Inventory items are valued using the weighted average method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Inventories in each fund are generally composed of the following items:

- General Fund - Gasoline
- Utility Fund - Electric, water and sewer repair and maintenance items

**H. Restricted Assets**

Restricted assets include cash and investments of the Utility Fund related to utility meter deposits and cash of the Recreation Complex Sinking Fund that are to service the Sales Tax Refunding Bond, Series 2010.

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Roads, bridges, and infrastructure	25-50 years
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	5-15 years

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Infrastructure being reported on includes bridges owned by the City during the current year. Of the remaining infrastructure, neither the historical cost nor related depreciation has historically been reported in the financial statements. The City has elected to report its system of streets under the modified approach.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

The Statement of Net Position reports the deferred charges on refunding as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value or refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Statement of Net Position also reports the City's proportionate share of the deferred outflows of resources related to pensions. See Note 10 for more information.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has one item that qualifies for reporting in this category. The Statement of Net Position reports the City's proportionate share of the deferred inflows of resources related to pensions. See Note 10 for more information.

The governmental funds balance sheet reports unavailable revenues, from amounts which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

**K. Compensated Absences**

The City's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave. The only provision for vested benefits is that municipal employees, with the exception of employees of the police and fire department who are covered by Civil Service requirements, may carry forward no more than the maximum accruable amount for any vacation year. All employees do not have the option of foregoing vacation and being paid in lieu thereof. The entire accrued vacation liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City's policy regarding sick time permits full-time employees to accrue sick leave at the rate of eighty (80) hours per year, effective on the first day of full-time employment. Sick time may be carried over from year to year. Upon retirement, the employee will be reimbursed for fifty (50) percent of their accrued sick leave at their regular hourly rate of pay. Total reimbursement cannot exceed 500 hours. All sick leave hours used in the two years prior to retirement date will be deducted from the fifty (50) percent accrual prior to reimbursement. There is no provision for reimbursement of accrued sick leave for termination other than retirement. The liability for sick leave accrual is recorded as long-term debt in the government-wide financial statements.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

**L. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Long-term debt consists primarily of bonds payable, capital lease obligations, compensated absences, claims payable, pension obligations and net OPEB obligations. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost, except any portion related to prepaid insurance costs are expensed in the period incurred.

Long-term debt in governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest reported as expenditures.

**M. Restricted Net Position**

For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exists:

- Restrictions are externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Restrictions are imposed by law through constitutional provision or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

**N. Fund Equity of Fund Financial Statements**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. In the fund financial statements, fund balances are classified as follows:

- a. Nonspendable fund balance - amounts that are not in a spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories.
- 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 determined by the City itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The City Council establishes (and modified or rescinds) fund balance commitments by passage of an ordinance or resolution.
- d. Assigned fund balance - amounts that the City 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. The City's

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
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policy does not address assignment of fund balance. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose.

- e. Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the General Fund. The City has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

The City reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City considers restricted amounts to have been spent when an expenditure has incurred for purposes for which both restricted and unrestricted fund balance are available.

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**P. 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. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

- a) The City Clerk prepares a proposed budget and submits same to the Mayor and the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) 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 ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Council.



CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
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- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Council.

**3. CASH AND CASH EQUIVALENTS**

At September 30, 2018, the carrying amount of the City's deposits, excluding its fiduciary fund was \$9,645,903.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal 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.

At September 30, 2018, the City's bank balances, including its fiduciary funds and certificates of deposits, totaled \$12,668,644. These deposits are secured from risk by \$1,479,829 of federal deposit insurance and \$12,760,148 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Deposits of \$343,679 are classified as unsecured funds. These deposits are not secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

4. INVESTMENTS

As of September 30, 2018 the City's reporting entity had the following investments:

Types of investments	%	Credit rating	Total Fair Value/ Carrying Amount	Governmental Activities	Business-Type Activities	Weighted Average Months to Maturity
Money market funds - LAMP	6	AAA-Am	\$ 409,853	\$ 83,764	\$ 326,089	
UBS Cash Fund, Inc.	0	a	3,774	-	3,774	a
U.S. Government Sponsored Enterprises:						
Federal National Mortgage Association	15	AA+	1,038,560	99,238	939,322	35.04
Federal Home Loan Bank	14	AA+	958,102	98,489	859,613	27.74
Federal Home Loan Bank	7	AAA	499,382	99,937	399,445	27.74
Federal Home Loan Mortgage Corp.	4	AA+	296,436	-	296,436	35.39
Federal Farm Credit Bank	18	AA+	1,242,856	-	1,242,856	26.69
Federal Farm Credit Bank	2	AAA	99,853	-	99,853	26.69
U.S. Agency Collateralized						
Mortgage Obligations	0	a	292	-	292	a
Certificates of deposit	34		<u>2,250,280</u>	<u>1,989,086</u>	<u>261,194</u>	
Total investments	<u>100</u>		<u>\$ 6,799,388</u>	<u>\$ 2,370,514</u>	<u>\$ 4,428,874</u>	

a No specific maturity date available due to the nature of this type of investment. The City plans to hold remaining security until maturity. No rating provided on this investment.

With the exception of the certificates of deposits, all other investments listed above were valued using Level 1 inputs. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Investments in certificates of deposit are stated at amortized cost.

The City participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

LAMP 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 LA- R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, and concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

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LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 44 as of September 30, 2018.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on 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 net asset 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 SEC as an investment company.

LAMP issues financial reports. These financial reports can be obtained by writing LAMP, Inc. 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

***City's Investment policies***

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy does not address credit rate risk.

**Interest rate risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy does not address interest rate risk. For information regarding the interest rate risk on LAMP investments, see above.

**Concentration of credit risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy does not address concentration of credit risk.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City investments are Category 1 investments, categorized as insured or registered, or securities held by the City or its agent in the City's name.

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**5. ACCOUNTS RECEIVABLE**

*Utility Fund Receivables and Uncollectible Accounts*

The individual customer consumption meters are not all read on the same day of the month. Meters are generally read on the 16<sup>th</sup>, 18<sup>th</sup> and 20<sup>th</sup> day of each month. At the end the month, individual customers will have consumption that they will not be billed for until the following month. It is estimated that at the end of the month there is, in the aggregate, less than twenty (20) days' consumption that is unbilled to utility customers.

Accounts receivable for City's business-type activities at September 30, 2018, consisted of:

Accounts receivable – utilities	\$ 2,705,181
Unbilled receivables	739,191
Allowance for D/A	<u>(486,131)</u>
Accounts receivable – utilities (net)	2,958,241
Accounts receivable – other	22,568
Allowance for D/A – other	<u>(10,881)</u>
Total receivables (net)	<u>\$ 2,969,928</u>

Receivables detail at September 30, 2018 for governmental activities are as follows:

<u>Class of receivables:</u>	<u>General</u>	<u>Sales Tax</u>	<u>Sales Tax - Sewerage</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Taxes:					
Ad Valorem	\$ 30,253	\$ -	\$ -	\$ -	\$ 30,253
Sales Tax	-	264,963	264,963	9,764	539,690
Franchise tax	36,313	-	-	-	36,313
Interest	-	-	-	3,972	3,972
Other	<u>75,668</u>	-	-	<u>10,260</u>	<u>85,928</u>
Gross receivables	142,234	264,963	264,963	23,996	696,156
Less: Allowance for uncollectibles	<u>(24,898)</u>	-	-	-	<u>(24,898)</u>
Receivables – net	<u>\$ 117,336</u>	<u>\$ 264,963</u>	<u>\$ 264,963</u>	<u>\$ 23,996</u>	<u>\$ 671,258</u>

At September 30, 2018 City reported \$354,042 in due from other governments for both governmental and business-type activities.

**6. AD VALOREM TAXES**

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

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Louisiana Tax Commission. The Webster Parish Sheriff's office bills and collects property taxes for the City. Collections are remitted to the City monthly.

<u>Property Tax Calendar</u>	
Millage rates adopted/levied	October 15, 2017
Tax bills mailed	October 15, 2017
Due date	December 31, 2017
Collection dates	December 31, 2017 through April 2018
Penalty and interest accrues	January 1, 2018
Tax sale – 2017 property	May 15, 2018

The City considers the lien date (January 1, 2018) as the date an enforceable legal claim occurs for the 2017 property taxes. Property tax revenue is recognized in the period for which the taxes are levied (budgeted).

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes. Any property with outstanding taxes owed is subject to annual public sale. Any property not purchased by individuals through the public sale, is then adjudicated to the City. The delinquent property owner has three years from the date of the tax purchase to redeem the property by paying all of the outstanding property taxes to date, penalties and interest.

The tax levy for 2017 was 7.67 mills of the assessed property valuation on tax rolls as of January 1. This tax became due on January 1, 2018 and delinquent on February 1, 2018.

The tax was dedicated as follows:

General corporate purposes	5.63 mills
Downtown historic district	2.04 mills

For the year ended September 30, 2018, taxes of \$456,713 were levied on property with assessed valuations totaling \$80,688,540.

Additionally, a tax of 2.04 mills is levied on properties located within the established Minden Downtown Development District. For the year ended September 30, 2018, taxes of \$17,031 were levied on property with assessed valuations totaling \$8,037,360.

#### **7. SALES AND USE TAX OPERATIONS**

- A. 1% sales and use tax - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held May 23, 1967.

The revenues derived therefrom were authorized to be used for "the purpose of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, water-works, sewers and sewerage disposal works,

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garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities, and parking facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building, improvements and facilities, and such tax to be subject to funding into bonds by the City in the manner authorized."

For the year ended September 30, 2018, Sales Tax operating transfers (of "surplus") to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

Transfers to	<u>General Fund</u>
	\$ <u>2,799,000</u>

B. 1% sales and use tax - sewerage improvements - The City of Minden was authorized to levy and collect a one percent (1%) sales and use tax by a special election held September 29, 1984.

The revenues derived therefrom were authorized to be used for "the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities and fund the proceeds of the Tax into bonds to be issued in series from time to time for the purpose of constructing, acquiring and improving sewers and sewerage disposal facilities and the Council shall (i) annually budget the amount of said net proceeds of the Tax required to pay principal and interest and reserve requirements on all bonds payable from the Tax and the amount required for extending, improving, operating and maintaining sewers and sewerage disposal facilities and (ii) use the excess over said requirements to pay said bonds in full prior to their stated maturity and when provisions shall have been made for the payment of all of said bonds in full the authority to levy the Tax shall terminate."

By a special election held April 15, 2000, the City rededicated and renewed the levy of a one percent (1%) sales and use tax, which was originally authorized at an election held in the City on September 29, 1984.

The revenues derived therefrom were rededicated to be used for "the purpose of acquiring, constructing, improving, maintaining, equipping and operating sewerage, sewage disposal facilities and recreational facilities, including the acquisition of sites therefore, and authority to fund the sales tax into bonds by the City in the manner authorized."

For the year ended September 30, 2018, Sales tax-sewerage improvements operating transfers to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

Transfers to	Debt Service	General Fund	Utility Fund
	\$ <u>356,925</u>	\$ <u>1,551,745</u>	\$ <u>893,130</u>

Beginning July 1992, the City entered into an agreement with the Webster Parish Sales & Use Tax Commission to collect sales tax. The Agency collects the taxes from vendors, and then remits to the City, after deducting an

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administrative fee. The administrative fee of 1.4% was assessed during the year.

C. 2% sales and use tax – Minden Economic Development Districts No. 1, No. 2, No. 3, and No. 4 – Effective January 1, 2017, Ordinance No. 1070, 1071, 1072 and 1073 were adopted by the City Council establishing the Minden Economic Development Districts No. 1, No. 2, No.3 and No. 4. The districts are considered tax increment financial districts (TIF) whereby a baseline of specific revenue collected in a specific area was determined and any revenues collected in the Districts over and above the baseline should be accounted for in that District. According to Ordinance No. 1078, 1079, 1080 and 1081, dated November 7, 2016, the initial baseline collection rate was designated zero (\$0). The City of Minden levied an additional two (2%) sales tax and 2% hotel occupancy tax for taxpayers located inside the city limits of Minden and inside one of the four Minden Economic Development Districts. The full amount of such additional sales tax is designated as the sale tax increments which will be determined and used to finance economic development projects.

**8. RESTRICTED ASSETS**

Restricted assets of the City of Minden at September 30, 2018 were as follows:

<b>Governmental Funds</b>	
Restricted for bond debt service	<u>\$283,734</u>
Bank deposit accounts	<u>\$283,734</u>
Total restricted assets	
<b>Proprietary Funds</b>	
Customers' Deposits	\$ 749,233
Bank deposit accounts	<u>4,066</u>
Investments (net of market adjustment)	<u>\$ 753,299</u>
Total restricted assets	

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**9. CAPITAL ASSETS**

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

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,942,729	\$ -	-	\$ 1,942,729
Construction in progress	<u>83,701</u>	<u>3,758,110</u>	-	<u>3,841,811</u>
Total capital assets, not being depreciated	<u>2,026,430</u>	<u>3,758,110</u>	-	<u>5,784,540</u>
Capital assets being depreciated				
Buildings	17,704,503	-	-	17,704,503
Land improvements other than buildings	<u>7,130,572</u>	-	-	<u>7,130,572</u>
Equipment	7,633,874	177,659	25,027	7,786,506
Infrastructure	<u>5,337,362</u>	-	-	<u>5,337,362</u>
Total capital assets being depreciated	<u>37,806,311</u>	<u>177,659</u>	<u>25,027</u>	<u>37,958,943</u>
Less accumulated depreciation for:				
Buildings	6,546,682	406,030	-	6,952,712
Land improvements other than buildings	<u>2,061,522</u>	<u>276,171</u>	-	<u>2,337,693</u>
Equipment	5,966,719	236,914	25,027	6,178,606
Infrastructure	<u>3,165,216</u>	<u>127,812</u>	-	<u>3,293,028</u>
Total accumulated depreciation	<u>17,740,139</u>	<u>1,046,927</u>	<u>25,027</u>	<u>18,762,039</u>
Total capital assets, being depreciated, net	<u>20,066,172</u>	<u>(869,268)</u>	-	<u>19,196,904</u>
Governmental activities capital assets, net	<u>\$ 22,092,602</u>	<u>\$ 2,888,842</u>	\$ -	<u>\$ 24,981,444</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land and improvements	\$ 322,342	-	-	\$ 322,342
Construction in progress	<u>59,401</u>	<u>336,698</u>	<u>276,459</u>	<u>119,640</u>
Total capital assets, not being depreciated	<u>381,743</u>	<u>336,698</u>	<u>276,459</u>	<u>441,982</u>
Capital assets being depreciated				
Buildings	17,281,667	-	-	17,281,667
Land improvements other than buildings	<u>34,236,688</u>	<u>276,459</u>	-	<u>34,513,147</u>
Equipment	8,805,168	246,219	159,027	8,892,360
Total capital assets being depreciated	<u>60,323,523</u>	<u>522,678</u>	<u>159,027</u>	<u>60,687,174</u>
Less accumulated depreciation for:				
Buildings	12,949,251	365,023	-	13,314,274
Land improvements other than buildings	<u>20,205,816</u>	<u>855,541</u>	-	<u>21,061,357</u>
Equipment	7,443,149	137,359	80,175	7,500,333
Total accumulated depreciation	<u>40,598,216</u>	<u>1,357,923</u>	<u>80,175</u>	<u>41,875,964</u>
Total capital assets, being depreciated, net	<u>19,725,307</u>	<u>(835,245)</u>	<u>78,852</u>	<u>18,811,210</u>
Business-type capital assets, net	<u>\$ 20,107,050</u>	<u>\$ (498,547)</u>	<u>\$ 355,311</u>	<u>\$ 19,253,192</u>



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Depreciation expense was charged as direct expense of the primary government as follows:

Governmental activities:		Business-type activities:	
General government	\$ 142,649	Water	\$ 362,085
Public safety	108,176	Sewer	504,142
Highway and streets	172,072	Electric	466,304
Parks and recreation	358,881	Other	<u>25,392</u>
Public works	<u>265,149</u>	Total	<u>\$ 1,357,923</u>
Total	<u>\$ 1,046,927</u>		

#### 10. PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System of Louisiana (MPERS), the Firefighters' Retirement System of Louisiana (FRS), and the Louisiana State Employees' Retirement System (LASERS) (collectively, the Systems), and additions to/deductions from the Systems' fiduciary net position have been determined on the accrual basis, the same basis as they are reported by the Systems. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### A. Municipal Employees' Retirement System of Louisiana (MERS)

**Plan Description:** Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan established in accordance with the provision of Louisiana Revised Statutes (La. R.S. 11:1731) to provide retirement benefits to employees of all incorporated villages, towns and cities within the State of Louisiana. The Municipal Employees Retirement System of Louisiana is the administrator of this plan. MERS is comprised of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the City are members of Plan A. MERS issues a publicly available financial report that can be obtained at [www.mersla.com](http://www.mersla.com).

**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.

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

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

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

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

- a. Age 67 with seven (7) years of creditable service.
- b. Age 62 with ten (10) years of creditable service.
- c. Age 55 with thirty (30) years of creditable service.
- d. Any age with twenty-five (25) years of creditable service with actuarially reduced early benefit
- e. 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 20% immediately (actuarially calculated).

Generally, the monthly amount of the retirement allowance for any member 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.

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

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

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

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

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

**Cost of Living Increases:** The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase 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:** Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

**Contributions:** Contribution requirements of active employees are governed by Louisiana Revised Statutes (La. R.S. 11:1731) and may be amended by the Louisiana Legislature. Employee contributions are deducted from a member's salary. Both employee and employer contributions are remitted to MERS by participating employers. According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending September 30, 2018, the actual employer contribution rate ranged from 24.75% to 26.00% (effective July 1, 2018) of annual payroll for Plan A, 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.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions were recognized as revenue during the year ended September 30, 2018 and excluded from pension expense. Contributions to the pension plan from the City were \$897,155 for the year ended September 30, 2018.

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

At September 30, 2018, the City reported a liability of \$8,071,328 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 1.949277% which was a decrease of 0.09432% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$1,073,565.

	Deferred Outflows		Deferred Inflows			
	<u>Governmental</u>	<u>Business</u>	<u>Total</u>	<u>Governmental</u>	<u>Business</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ -	-	\$ 142,066	\$ 144,905	\$ 286,971
Net difference between projected and actual earnings on pension plan investments	612,321	624,559	1,236,880	-	-	-
Change of assumptions	120,284	122,688	242,972	-	-	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	143,673	146,543	290,216
Employer contributions subsequent to the measurement date	<u>109,225</u>	<u>111,404</u>	<u>220,629</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 841,830</u>	<u>\$ 858,651</u>	<u>\$ 1,700,481</u>	<u>\$ 285,739</u>	<u>\$ 291,448</u>	<u>\$ 577,187</u>

Deferred outflows of resources related to pensions of \$220,629 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
09/30/2019	\$ 489,990
09/30/2020	268,234
09/30/2021	109,093
09/30/2022	35,348

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**Actuarial Methods and Assumptions**

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.275%, net of investment expense
Projected Salary Increase, including inflation and merit increases	5.0%
Inflation Rate	2.6%
Expected Remaining Service Lives Mortality Rates	3 years

For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA

For employees, the RP-2000 Employees 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

**Cost of Living Adjustments**

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living raises. The present values does not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

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. The resulting expected long term rate of return was 7.0% for the year ended June 30, 2018.

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Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.20%
Public fixed income	35%	1.50%
Alternatives	<u>15%</u>	<u>0.60%</u>
Totals	100%	4.30%
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

**Discount Rate:** The discount rate used to measure the total pension liability was 7.275% for the years ended June 30, 2018. 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 Public Retirement Systems' Actuarial Committee (PR SAC). Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to changes in Discount Rate:**

The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 7.275%, as well as what the City's net pension liability 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 as of June 30, 2018:

	<u>Changes in Discount Rate</u>		
	1% Decrease	Current Rate	1% Increase
Net Pension Liability	\$ 10,368,357	\$ 8,071,328	\$ 6,110,733

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at [www.mersla.com](http://www.mersla.com).

**Payables to the Pension Plan:** At September 30, 2018, the City had \$99,765 in payables to the Municipal Employees' Retirement System for the September 30, 2018 employee and employer legally required contributions.

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**B. Municipal Police Employees' Retirement System of Louisiana (MPERS)**

**Plan Description:** Police officers of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan established by Act 189 of 1973 and amended by Louisiana Revised Statutes (La. R.S. 11:2211 - 11:2233) to provide retirement benefits for municipal police officers. The Municipal Police Employees' Retirement System of Louisiana is the administrator of this plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. MPERS issues a public available financial report that can be obtained at [www.lampers.org](http://www.lampers.org).

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

**Retirement - membership prior to January 1, 2013:** A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3% 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.

**Retirement - membership commencing January 1, 2013:** Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% and 2 1/2%, respectively, of average

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final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

**Cost of Living Adjustments:** The Board of Trustees is authorized to provide annual cost-of-living adjustments 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 cost of living adjustment until they reach retirement age.

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

If the member elects a money market investment return, the funds are transferred to a government money market account.

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



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**Contributions:** Contribution requirements of active employees are governed by Act 189 of 1973 and amended by Louisiana Revised Statutes (La. R.S. 11:2211 - 11:2233) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to MPERS by participating employers. 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 ending September 30, 2018, the actual employer contribution rate ranged from 30.75% to 32.25% of actual 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. 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 were recognized as revenue during the year ended September 30, 2018, and excluded from pension expense. Contributions to the pension plan from the City were \$356,430 for the year ended September 30, 2018.

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

At September 30, 2018, the City reported a liability of \$3,233,890 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.382525% which was a decrease of 0.005245% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$403,706.

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

	<u>Governmental activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 14,578	\$ -
Net difference between projected and actual earnings on pension plan investments	155,025	165,258
Change of assumptions	211,333	-
Change in proportion and differences between employer contributions and proportionate share of contributions	28,031	251,052
Employer contributions subsequent to the measurement date	<u>86,617</u>	<u>-</u>
Total	\$ <u>495,584</u>	\$ <u>416,310</u>

Deferred outflows of resources related to pensions of \$86,617 resulting from the City's contributions subsequent to

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the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
09/30/2019	\$ 97,863
09/30/2020	(12,580)
09/30/2021	(98,258)
09/30/2022	5,632

**Actuarial Methods and Assumptions**

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.20%, net of investment expense
Inflation Rate	2.60% per annum
Expected Remaining Service Lives	4 years
Salary increase, including inflation and merit	Salary growth
	<u>Years of service</u>
	1-2
	3-23
	Over 23
	<u>Rate</u>
	9.75%
	4.75%
	4.25%

**Mortality**

RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

**Cost-of-living adjustments**

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data

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was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	Target <u>Allocation</u>	Long-Term Expected Portfolio Real Rate <u>of Return</u>
Equity	52.00%	3.58%
Fixed income	22.00%	0.46%
Alternative	20.00%	1.07%
Other	<u>6.00%</u>	<u>0.17%</u>
Totals	100.00%	5.28%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.03%</u>

**Discount Rate:** The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to changes in Discount Rate:**

The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 7.20%, as well as what the City's net pension liability 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 as of June 30, 2018:

	<u>Changes in Discount Rate</u>	
	1% Decrease	Current Rate
	6.20%	7.20%
Net Pension Liability	\$ 4,544,510	\$ 3,233,890
		\$ 2,134,330

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at [www.lampers.org](http://www.lampers.org).

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**Payables to the Pension Plan:** At September 30, 2018, the City had \$38,111 in payables to the Municipal Police Employees' Retirement System for the September 30, 2018 employee and employer legally required contributions.

**C. State of Louisiana – Firefighters' Retirement System of Louisiana (FRS)**

**Plan Description:** Firefighters of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Firefighters' Retirement System of Louisiana. The System provides retirement, disability, and death benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provision are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (La. R.S. 11:2251 - 11:2272). FRS issues a publicly available financial report that can be obtained at [www.lafirefightersret.com](http://www.lafirefightersret.com).

**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.

Any person who becomes an employee as defined in La. R.S. 11:2252 on or after January 1, 1980 shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month, excluding state supplemental pay, and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. No person who has attained age 50 or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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

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

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

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

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

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

**Contributions:** Contribution requirements for employees, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes. According to state statute, employer contributions are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution were 26.5% 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

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during the year, with an additional amount to finance any unfunded actuarial accrued liability. According to state statute, the System receives insurance premium tax funds from the state of Louisiana. The tax is considered support from non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended September 30, 2018 and excluded from pension expense. Non-employer contributions to the pension plan from the City were \$218,989 for the year ended September 30, 2018.

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

At September 30, 2018, the City reported a liability of \$1,954,953 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's proportion was 0.339869% which was an increase of 0.039404% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$374,416.

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

	<u>Governmental activities</u>	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 148,794
Net difference between projected and actual earnings on pension plan investments	127,121	-
Change of assumptions	136,377	310
Change in proportion and differences between employer contributions and proportionate share of contributions	344,321	66,214
Employer contributions subsequent to the measurement date	<u>51,924</u>	<u>-</u>
Total	<u>\$ 659,743</u>	<u>\$ 215,318</u>

Deferred outflows of resources related to pensions of \$51,924 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019.

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

<u>Fiscal Year Ended</u>	
09/30/2019	\$ 150,049
09/30/2020	75,692
09/30/2021	15,609
09/30/2022	69,843
09/30/2023	50,612
09/30/2024	30,696

**Actuarial Methods and Assumptions**

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.3%, per annum
Inflation Rate	2.700% per annum (decreased from 2.775% in 2017)
Expected Remaining Service Lives	7 years, closed period
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases.
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated 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, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018.

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Best estimates of arithmetic real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Asset Type</u>	<u>Long-Term Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	U.S. Equity	22.00%	6.14%
	Non-U.S. Equity	22.00%	7.46%
	Global Equity	10.00%	6.74%
Fixed Income Alternatives	Fixed Income	26.00%	1.76%
	Real Estate	6.00%	4.38%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation Risk Party	5.00%	4.31%
		<u>5.00%</u>	<u>4.89%</u>
		<u>100.00%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to changes in Discount Rate:**

The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 7.30%, as well as what the City's net pension liability 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 as of June 30, 2018:

	<u>Changes in Discount Rate</u>	
	1% Decrease 6.30%	1% Increase 8.30%
Net Pension Liability	\$ 2,852,736	\$ 1,200,504

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana stand-alone audit report on their financial statements for the year ended June 30, at [www.lafirefightersret.com](http://www.lafirefightersret.com).

**Payables to the Pension Plan:** At September 30, 2018, the City had \$24,356 in payables to the Firefighters'



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Retirement System of Louisiana for the September 30, 2018 employee and employer legally required contributions.

**D. Louisiana State Employees' Retirement System (LASERS)**

**Plan Description:** Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

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

**Retirement:** The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. LASERS rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of

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employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

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

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

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

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

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

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an internal act of violence.

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

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

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

**Contributions:** The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PR SAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment and benefits for all classes of members, regardless of their plan membership.

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Rates for the year ended June 30, 2018 are as follows:

<u>Plan</u>	2018 Employer Rate
Appellate Law Clerks	37.90%
Appellate Law Clerks hired on or after 7/01/06	37.90%
Alcohol Tobacco Control	32.70%
Bridge Police	36.50%
Bridge Police hired on or after 7/01/06	36.50%
Corrections Primary	33.20%
Corrections Secondary	37.60%
Harbor Police	6.10%
Hazardous Duty	38.30%
Judges hired before 1/1/2011	40.10%
Judges hired after 12/31/2010	39.60%
Judges hired after 07/01/2015	39.60%
Legislators	41.70%
Optional Retirement Plan (ORP) before 7/01/06	37.90%
Optional Retirement Plan (ORP) on or after 7/01/06	37.90%
Peace Officers	36.70%
Regular Employees hired before 7/01/06	37.90%
Regular Employees hired on or after 7/01/06	37.90%
Regular Employees hired on or after 1/1/11	37.90%
Regular Employees hired on or after 07/01/15	37.90%
Special Legislative Employees	37.90%
Wildlife Agents	43.70%
<b>Aggregate Rate</b>	<b>37.80%</b>

The City's contractually required composite contribution rate for the year ended September 30, 2018 ranged from 36.7%-39.6% 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 \$2,368 for the year ended September 30, 2018.

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

At September 30, 2018, the City reported a liability of \$20,051 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City's

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proportion was 0.00029% which was a decrease of .00002% to the proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$1,423.

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

	<u>Governmental activities</u>
	Deferred
	<u>Outflows</u>
	<u>Inflows</u>
	\$
Differences between expected and actual experience	-
Net difference between projected and actual earnings on pension plan investments	260
Change in proportion and differences between employer contributions and proportionate share of contributions	190
Change in assumption	204
Employer contributions subsequent to the measurement date	<u>540</u>
Total	<u>\$ 1,194</u>
	<u>\$ 1,658</u>

Deferred outflows of resources related to pensions of \$540 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019.

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

<u>Fiscal Year Ended</u>	
09/30/2019	\$ (380)
09/30/2020	(60)
09/30/2021	(490)
09/30/2022	(74)

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**Actuarial Methods and Assumptions**

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.65% per annum
Inflation Rate	2.75% per annum
Expected Remaining Service Lives Mortality	3 years
	<b>Non-disabled members</b> -- Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015
	<b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

**Termination, Disability, and Retirement**

Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members

**Salary Increases**

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

**Cost of Living Adjustments**

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living raises. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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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 of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long term rate of return is 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 208 are summarized in the following table:

<u>Asset Class</u>	<u>Expected long-term Real Rates of Return</u>
Cash	-0.48%
Domestic equity	4.31%
International equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Global Tactical Asset Allocation	4.96%
Total Fund	5.40%

**Discount Rate:** The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions from participating employers will be made at actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to Changes in Discount Rate:**

The following presents the net pension liability of the City's proportionate share of the net pension liability using the discount rate of 7.65%, as well as what the City's net pension liability 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 as of June 30, 2018:

	<u>Changes in Discount Rate</u>	
	1% Decrease	1% Increase
Net Pension Liability	\$ 25,305	\$ 15,525

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report for the year ended June 30, at [www.lasersonline.org](http://www.lasersonline.org).

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**Payables to the Pension Plan:** At September 30, 2018, the City had \$485 in payables to the Louisiana State Employees' Retirement System for the September 30, 2018 employee and employer legally required contributions.

**11. CAPITAL AND OPERATING LEASES**

The City records items under capital leases as an asset and an obligation in the accompanying financial statements.

In January, 2015, the City entered into a capital lease agreement for a fire truck. The cost of the truck was \$619,567 and the terms of the lease require the City to make seven (7) payments of \$97,880. One payment was made during the current fiscal year. At the end of year seven (7), the City has the option of purchasing the truck for a payment of \$1. Interest accrues at a rate of 3.298%.

On January 6, 2016, the City entered into a second capital lease agreement to lease the equipment for its city-wide water and electric meter project. The cost of the project under the lease was \$1,700,000 and the terms of the lease require the City to make ten (10) payments of \$203,556. At the end of year ten (10), the City has the option of purchasing the equipment for a payment of \$1. Interest accrues at a rate of 3.417%.

Future minimum payments are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 244,379	\$ 57,057	\$ 301,436
2020	252,624	48,812	301,436
2021	261,147	40,289	301,436
2022	172,078	31,478	203,556
2023	177,958	25,598	203,556
2024-2026	<u>571,195</u>	<u>39,473</u>	<u>610,668</u>
Total	<u>\$ 1,679,381</u>	<u>\$ 242,707</u>	<u>\$ 1,922,088</u>

The municipality has operating leases for copiers, faxes, vehicles, a street sweeper, and a fuel truck (airport).

On January 5, 2017, the City entered into a rental agreement for a street sweeper, agreeing to make 4 annual payments of \$34,791, which includes an annual maintenance payment of \$13,209. The payments are required annually, starting March 1, 2017 – March 1, 2020.

On November 13, 2017, the City entered into a rental agreement for a 2006 – 750-gallon A vgas refueler, agreeing to make monthly payments of \$500 for a primary term of one year and the option to continue leasing month-to-month.

The City leases vehicles for its various departments. The terms of each lease range from 48 - 60 months, with monthly rental payments ranging from \$592 - \$702.



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The City reported rental expense as follows:

	Governmental activities	Business-type activities
<b>Equipment:</b>		
Ricoh MPC 5503 Copier - \$254.69/month for 48 months	\$ 1,401	\$ 1,401
Ricoh MPC 6004 Copier -- \$254.69/month for 48 months	33	33
Canon IPF 765 Copier - \$228/month for 48 months	-	912
Canon IPF 765 Copier - \$228/month for 48 months	-	1,824
Ricoh MPC 3503 - \$186/month for 60 months	1,488	-
Ricoh MPC 3504 - \$181/month for 60 months	700	-
Ricoh MPC 3003 - \$185/month for 48 months	2,220	-
Canon Fax - \$17/month for 45 months	211	-
(15) Vehicles	66,330	28,906
2006 -- 750 gallon Avgas refueler	5,000	-
Street sweeper	<u>21,582</u>	-
Total rental expense	<u>\$ 98,965</u>	<u>\$ 33,076</u>

**12. LONG-TERM OBLIGATIONS**

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

	Balance Oct. 1, 2017	Additions	Deductions	Balance Sept. 30, 2018	Amount due within one year
<b>Governmental activities:</b>					
Refunding bonds	\$ 1,330,000	-	\$ (320,000)	\$ 1,010,000	\$ 325,000
Compensated absences	396,307	333,491	(285,270)	444,528	25,279
Estimated claim	24,007	-	(24,007)	-	-
Capital lease	361,252	-	(85,966)	275,286	88,801
Net OPEB obligation	7,158,827	563,114	(282,556)	7,439,385	-
Pension obligation	<u>9,361,771</u>	<u>814,183</u>	<u>(971,317)</u>	<u>9,204,637</u>	-
Total governmental debt	<u>\$ 18,632,164</u>	<u>\$ 1,710,788</u>	<u>\$ (1,969,116)</u>	<u>\$ 18,373,836</u>	<u>\$ 439,080</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 173,794	\$ 177,875	\$ (168,915)	\$ 182,754	\$ 20,532
Capital lease	1,554,390	-	(150,295)	1,404,095	155,578
Net OPEB obligation	2,736,411	199,032	(99,869)	2,835,574	-
Pension obligation	<u>4,316,905</u>	<u>182,985</u>	<u>(424,305)</u>	<u>4,075,585</u>	-
Total business-type debt	<u>\$ 8,781,500</u>	<u>\$ 559,892</u>	<u>\$ (843,384)</u>	<u>\$ 8,498,008</u>	<u>\$ 176,110</u>

For governmental activities, refunding bonds are liquidated by the Sales Tax Refunding Bonds, Series, 2010 fund. All other liabilities are liquidated respectively by the General Fund and Utility Fund.

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Bonds payable at September 30, 2018, are comprised of the following individual issue:

	<u>Principal</u>	<u>to</u>
	<u>Outstanding</u>	<u>Maturity</u>
\$3,115,000 Sales Tax Refunding Bonds, Series 2010 dated November 1, 2010; due in annual installments of \$270,000 - \$350,000 through January 1, 2021; interest at 2%-3.25%; secured by pledge of the City's 1% sales and use tax designated for sewerage system improvements and recreation	\$ 1,010,000	\$ 48,389

The annual requirements to amortize all debt outstanding as of September 30, 2018, including interest payments of \$48,389, are as follows:

Year ending <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 325,000	\$ 26,300	\$ 351,300
2020	335,000	16,401	351,401
2021	<u>350,000</u>	<u>5,688</u>	<u>355,688</u>
	<u>\$ 1,010,000</u>	<u>\$ 48,389</u>	<u>\$ 1,058,389</u>

At September 30, 2018, \$283,734 was available in the Debt Service Funds to service the general obligation bonds. In accordance with Louisiana Revised Statutes, the City is legally restricted in the amount of long-term bonded debt that may be issued. At September 30, 2018, the statutory limit was \$8,068,854. As of September 30, 2018, the City had no bonds secured by ad valorem taxes.

Total interest expense paid on long-term debt as of September 30, 2018 was \$60,011.

**13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund receivables and payables at September 30, 2018, were as follows:

	<u>Payables</u>		
	<u>General Fund</u>	<u>Police Bond Fund</u>	<u>Total</u>
<u>Receivable</u>			
General Fund	\$ -	\$ 19,830	\$ 19,830
Utility Fund	<u>99,850</u>	-	<u>99,850</u>
Total	<u>\$ 99,850</u>	<u>\$ 19,830</u>	<u>\$ 119,680</u>

The Police Bond Fund reports a payable to the General Fund for tickets and fines collected and not paid until after the year end. The City's Clearing Funds, which are reported within the General Fund recognize amounts owed to the Utility Fund for reimbursements received which are expected to be cleared after year end.

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Interfund transfers during the year ended September 30, 2018, were as follows:

	<u>Operating Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Utility Fund</u>	<u>Non-Major Governmental</u>	
<u>Transfers out</u>				
Sales Tax Fund	\$ 2,799,000	\$ -	\$ -	\$ 2,799,000
Sales Tax Fund - Sewerage System	1,551,745	893,130	356,925	2,801,800
Utility Fund	<u>4,593,176</u>	<u>-</u>	<u>206,583</u>	<u>4,799,759</u>
Total	\$ <u>8,943,921</u>	\$ <u>893,130</u>	\$ <u>563,508</u>	\$ <u>10,400,559</u>

Transfers are primarily used to move funds as follows:

Sales Tax Fund – Sewerage System to cover debt service attributable to sewerage bonds and recreation bonds, to cover costs of recreation activities within the General Fund, and to cover costs of the sewer system within the Utility Fund.

The Utility Fund and Sales Tax Fund make transfers to supplement costs within the General Fund.

**14. RETAINED EARNINGS/FUND BALANCES**

Inventory at year end is equally offset by a nonspendable fund balance amount in the General Fund.

Revenues collected by the Sales Tax Sewerage Fund are authorized to be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage and recreation facilities, therefore fund balance is restricted.

Advalorem tax and annual City appropriations comprise the main revenues collected by the Main Street Program to be used solely and exclusively for the purpose and benefit of the Downtown Development District of the City of Minden.

Revenues collected by the Drug Task Force Fund are restricted to drug enforcement activities.

Revenues reported in Sales Tax Refunding Bonds, Series 2010 fund are restricted for debt service.

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**Restricted Net Position – Governmental Activities**

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

<u>Fund</u>	<u>Restricted by</u>	<u>Amount</u>
Sales Tax Sewerage Fund	Local ordinance/election	\$ 3,027,927
Sales Tax, Series 2002 Refunding	Local ordinance/election	586,144
TIF #1 - #4	Local ordinance/election	148,681
Drug Task Force	Statutory requirements	<u>59,843</u>
Total restricted net position – governmental activities		<u>\$ 3,822,595</u>

**Restricted Net Position – Business-Type Activities**

Utility Fund:	
Restricted for meter deposits:	
Cash and investments	\$ 753,299
Less: meter deposit liability	<u>(719,601)</u>
Total utility fund restricted for meter deposits	<u>\$ 33,698</u>

**15. CONTRACTUAL SERVICE AGREEMENT – SANITATION SERVICES**

The City has an agreement with Republic Services, a private company, to provide sanitation services to the City. These services include residential garbage and recyclable item pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the type of collection (curbside or backyard). The City then charges a monthly fee for sanitation services to individual customers on their utilities bills.

**16. LITIGATION AND CLAIMS**

At September 30, 2018, the City is involved in several lawsuits claiming damages. In the opinion of the City's legal counsel, the exposure to the City would be any costs in defense of the lawsuits with no liability to the City in excess of insurance coverage. Effective April 1, 1998, the City reinstated its general liability coverage for risks of loss. There were no significant reductions in insurance coverage from the previous year.

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**17. POST EMPLOYMENT BENEFITS**

Plan description – The City provides post-employment benefits for eligible participants enrolled in the City of Minden health insurance program through the City of Minden, Employee Benefit Plan & Trust. This plan is a single employer defined benefit plan and the City maintains the authority to establish and amend plan benefit provisions and determine the contribution rates of the City and plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Although the plan has a trust, the amounts set aside in the trust are to pay current premiums and claims, on a “pay as you go” basis and are not set aside as assets accumulated to fund the OPEB obligation as actuarially determined. The plan provides medical, dental, vision, life and accidental death benefits. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The benefits are provided in the form of:

- An implicit rate subsidy where retirees receive health insurance coverage by paying a combined retiree/active rate
- An explicit subsidy where the city provides a health premium subsidy to eligible retirees

Funding policy – Retiree contributions are based on the total years that the retiree has provided services to the City. Retirees with less than 25 years of service receive a subsidy equal to 50% of the full premium. Retirees with more than 25 years of service receive a subsidy equal to 60% of the full premium. The plan is currently financed on a “pay-as-you-go” basis.

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

Inactive employees or beneficiaries currently receiving benefit payments	37
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	120
Total	157

Total OPEB Liability – The City’s total OPEB liability of \$10,274,959 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

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

Actuarial method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation Year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.

Discount Rate	4.06% (1.06% real rate of return plus 3.00% inflation)
Health Care Cost Trend	Level annual rate of 5.00%
Mortality	RPH-2014 Total Table with Projection MP-2018
Salary Scale	3.50%

The discount rate was selected by reviewing the recent published Bond Buyer GO-20 bond index. This is one of the indices acceptable under GASB 75. This index is published weekly and is trending toward 4.00% in recent months. A discount rate of 4.06% is used for this valuation.

Changes in the Total OPEB Liabilities:

Balance at September 30, 2017	\$ 9,895,238
Changes for the year:	
Service Cost	353,798
Interest	408,348
Benefit payments	<u>(382,425)</u>
Net Changes	<u>379,721</u>
Balance at September 30, 2018	\$ <u>10,274,959</u>

Total OPEB Liability

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate.

<u>Changes in Discount Rate</u>		
1%	Current	1%
Decrease	Rate	Increase
<u>3.06%</u>	<u>4.06%</u>	<u>5.06%</u>
\$ 8,893,511	\$ 10,274,959	\$ 12,004,166
Net OPEB Liability		

Sensitivity of the Total OPEB Liability to changes in the Healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
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Changes in Healthcare Cost Trend Rate

	1%	Current	1%
	Decrease	Rate	Increase
	4.00%	<u>5.00%</u>	6.00%
Net OPEB Liability	\$ 8,791,072	\$ 10,174,959	\$ 12,183,578

OPEB Expense – For the year ended September 30, 2018, the City recognized OPEB expense of \$762,146.

**18. ON BEHALF PAYMENTS**

During the fiscal year ended September 30, 2018, qualified city employees of the City Police Department, City Fire Department, and the City Marshal's Office received supplemental pay from the State of Louisiana. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$266,284 for the year ended September 30, 2018, and the related expenditures are as follows:

Public Safety -	
Police	\$ 172,651
Fire	87,633
Ward Marshal	<u>6,000</u>
Total public safety	<u>\$ 266,284</u>

**19. JOINTLY GOVERNED ORGANIZATION**

On March 11, 1992, the Webster Parish Sales & Use Tax Commission was formed under joint agreement of the City of Minden, the City of Springhill, the Town of Cotton Valley, the Town of Cullen, the Town of Sarepta, the Town of Sibley, the Village of Dixie Inn, the Webster Parish School Board and the Webster Parish Police Jury. The agreement established a joint Commission for the purpose of providing a single collection agency within the boundaries of Webster Parish. The Commission is comprised of members from each of the taxing governments. Sales taxes were collected by the Commission and distributed to the City. The Commission issues an audited financial report which can be obtained by contacting the Webster Parish Sales & Use Tax Commission.

**20. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 31, 2019, the date that the financial statements were available to be issued and determined that no additional disclosures are necessary.

**21. TAX ABATEMENTS**

The State of Louisiana offers a number of programs that provide tax abatements within the City including the Industrial Tax Exemption Program (ITEP). Louisiana's ITEP has a ten-year industrial exemption law that provides

CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

any manufacturing establishment entering Louisiana, or any manufacturing establishment expanding its Louisiana facilities is eligible to receive exemption on buildings and equipment from state, parish and local property taxes for a period of ten years. The exemption is for the "contract" value of buildings or equipment used by the business. When the exemption expires, the property is to be placed on the tax roll at 15% of its current market value. The amount of tax abatement under this program during the fiscal year ended September 30, 2018 by authorized millage is as follows:

<u>Tax code</u>	<u>Millage</u>	<u>Assessed value lost to ITEP</u>	<u>Estimated tax \$ lost to ITEP</u>
General corporate purposes	5.63 mills	964,166	\$5,428

**22. PRIOR PERIOD ADJUSTMENTS**

The government-wide financial statements include a prior period adjustment decreasing net position of the governmental activities and business-type activities, which was related to the implementation of GASB 75. The pro forma amounts for fiscal year 2017 are not presented because the amounts are not readily determinable.

A separate prior period adjustment was made to recognize a correction to accounts payable not reported in the prior year. The financials were restated as follows:

Fund Balance:		<u>General Fund:</u>
Fund balance, as previously reported	\$ 1,241,655	
Correct accrual of payables	<u>(56,309)</u>	
Fund balance, restated	<u>\$ 1,185,346</u>	
Net Position:		<u>Governmental:</u>
Net Position, as previously reported	\$ 13,698,027	<u>Business-type:</u>
Change in accounting principle:		
Net effect of reporting OPEB liability	(2,513,273)	(888,312)
Correct accrual of payables	<u>(56,309)</u>	<u>(54,873)</u>
Net position, restated	<u>\$ 11,128,445</u>	<u>\$ 22,518,404</u>



CITY OF MINDEN, LOUISIANA  
Notes to the Financial Statements  
As of and for the Year Ended September 30, 2018

**23. NEW GASB STANDARDS**

*Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions:* This statement addresses accounting and financial reporting of OPEB that is provided to employees of state and local governments and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employers Plans*, for OPEB.

The adoption of Statement No. 75 has no impact on the School Board's governmental fund financial statements, which continue to report expenditures on a pay-as-you-go basis. However, the adoption has resulted in the restatement of the City's 2017 government-wide financial statements to reflect the reporting of total OPEB liability in accordance with the provisions of the Statement. Net position as of October 1, 2017 was decreased by \$3,401,585 reflecting the cumulative retrospective effect of adoption.

*Statement No. 85 – Omnibus 2017*, issued by the Government Accounting Standards Board. This Statement is to address practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to fair value measurement, application, and postemployment benefits for both pensions and other postemployment benefits (OPEB).

The adoption of Statement No. 85 had no impact on the government-wide or fund financial statements, but provide for additional guidance, clarification and/or additional disclosures in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

**Budgetary Comparison Schedules:**

General Fund

Sales Tax Fund

Sales Tax Fund – Sewerage System

**Condition Rating of the City's Street System**

**Schedule of Changes in the Total OPEB Liability and Related Ratios**

**Schedule of Proportionate Share of Net Pension Liability**

**Schedule of Employer Contributions**

**CITY OF MINDEN, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 823,500	\$ 823,500	\$ 818,121	\$ (5,379)
Licenses and permits	653,660	653,660	611,429	(42,231)
Fees and rentals	209,100	209,100	196,562	(12,538)
Charges for services	1,267,000	1,267,000	1,293,602	26,602
Intergovernmental	3,455,400	4,455,400	3,668,099	(787,301)
Fines and forfeitures	87,000	87,000	115,146	28,146
Interest	5,400	5,400	6,180	780
Other	144,966	144,966	152,892	7,926
Total revenues	<u>6,646,026</u>	<u>7,646,026</u>	<u>6,862,031</u>	<u>(783,995)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,168,410	3,168,410	3,135,704	32,706
Public safety	4,622,593	4,622,593	4,870,304	(247,711)
Highway and streets	1,308,979	1,126,979	1,014,690	112,289
Sanitation and health	882,710	882,710	883,081	(371)
Parks and recreation	1,730,435	1,730,435	1,741,844	(11,409)
Public works	400,647	400,647	406,139	(5,492)
Capital Outlay	3,472,850	4,472,850	3,906,042	566,808
Debt service:				
Principal	-	-	11,914	(11,914)
Interest and other charges	-	-	85,966	(85,966)
Total expenditures	<u>15,586,624</u>	<u>16,404,624</u>	<u>16,055,684</u>	<u>348,940</u>
(Deficiency) of revenues over expenditures	(8,940,598)	(8,758,598)	(9,193,653)	(435,055)
<b>OTHER FINANCING SOURCES(USES)</b>				
Operating transfers in	8,940,598	8,758,598	8,943,921	185,323
Total other financing sources (uses)	<u>8,940,598</u>	<u>8,758,598</u>	<u>8,943,921</u>	<u>185,323</u>
Net change in fund balance	-	-	(249,732)	(249,732)
Fund balance at beginning of year, restated	<u>921,100</u>	<u>921,100</u>	<u>1,185,346</u>	<u>264,246</u>
Fund balance at end of year	<u>\$ 921,100</u>	<u>\$ 921,100</u>	<u>\$ 935,614</u>	<u>\$ 14,514</u>

**CITY OF MINDEN, LOUISIANA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**Special Revenue Fund - Sales Tax Fund**  
**For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP Basis	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes - sales	\$ 2,850,000	\$ 2,850,000	\$ 3,257,758	\$ 407,758
Interest	4,500	4,500	4,924	424
Total revenues	<u>2,854,500</u>	<u>2,854,500</u>	<u>3,262,682</u>	<u>408,182</u>
<b>EXPENDITURES:</b>				
General government -				
Collection expense	55,000	55,000	43,485	11,515
Miscellaneous	500	500	571	(71)
Total expenditures	<u>55,500</u>	<u>55,500</u>	<u>44,056</u>	<u>11,444</u>
Excess of revenues over expenditures	<u>2,799,000</u>	<u>2,799,000</u>	<u>3,218,626</u>	<u>419,626</u>
<b>OTHER FINANCING (USES)</b>				
Operating transfers out	<u>(2,799,000)</u>	<u>(2,799,000)</u>	<u>(2,799,000)</u>	-
Total other financing (uses)	<u>(2,799,000)</u>	<u>(2,799,000)</u>	<u>(2,799,000)</u>	-
Net change in fund balance	-	-	419,626	419,626
Fund balance at beginning of year	<u>1,516,216</u>	<u>1,516,216</u>	<u>1,516,216</u>	-
Fund balance at end of year	<u>\$ 1,516,216</u>	<u>\$ 1,516,216</u>	<u>\$ 1,935,842</u>	<u>\$ 419,626</u>

**SCHEDULE 1c**

**CITY OF MINDEN, LOUISIANA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**Special Revenue Fund - Sales Tax Fund Sewerage System**  
**For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP	Final Budget
			Basis	Positive
				(Negative)
<b>REVENUES</b>				
Sales taxes	\$ 2,850,000	\$ 2,850,000	\$ 3,257,759	\$ 407,759
Interest	6,000	6,000	6,965	965
Total revenues	<u>2,856,000</u>	<u>2,856,000</u>	<u>3,264,724</u>	<u>408,724</u>
<b>EXPENDITURES</b>				
General government -				
Collection expense	55,000	55,000	43,485	11,515
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>43,485</u>	<u>11,515</u>
Excess of revenues over expenditures	<u>2,801,000</u>	<u>2,801,000</u>	<u>3,221,239</u>	<u>420,239</u>
<b>OTHER FINANCING (USES)</b>				
Operating transfers out	(3,483,000)	(2,801,000)	(2,801,800)	(800)
Total other financing (uses)	<u>(3,483,000)</u>	<u>(2,801,000)</u>	<u>(2,801,800)</u>	<u>(800)</u>
Net change in fund balance	(682,000)	-	419,439	419,439
Fund balance at beginning of year	<u>2,608,488</u>	<u>2,608,488</u>	<u>2,608,488</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,926,488</u>	<u>\$ 2,608,488</u>	<u>\$ 3,027,927</u>	<u>\$ 419,439</u>

**SCHEDULE 2**

CITY OF MINDEN, LOUISIANA  
 CONDITION RATING OF THE CITY'S STREET SYSTEM  
 For the year ended September 30, 2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
# of City streets	328	338	338	338	338
Percentage of streets in good or better condition	86.0%	74.0%	74.0%	76.63%	76.63%
Percentage of streets in substandard condition	14.0%	26.0%	26.0%	23.37%	23.37%

Comparison of needed to actual maintenance/preservation:

Needed as of 1/1 (date of assessment)      \$1,650,532    \$ 4,363,000    \$ 4,363,000    \$ 4,316,748    \$ 4,316,748  
 Actual cost of improvements incurred as of 9/30    \$ 73,711    \$ 50,369    \$ 74,859    \$ 230,221    \$ 331,717

The condition of road pavement is measured by the City using a pavement management system which rates the condition of the pavement surfaces using a 1-5 rating scale assessing the following distress factors:

- Base failure
- Surface wear
- Effects of outside construction contractors which may cause damage to streets during various projects
- Presence of potholes

The system is based on a condition rating system from 1 to 5. The rating scale used to classify roads in good or better condition (4-5), fair condition (3), and substandard condition (1-2). Roads which are rated 1 are considered highest priority for improvements. It is the City's policy to maintain at least 75% of its street system at a good or better condition level.

The City's condition assessment is determined every two years as the pavement conditions are monitored throughout this time.

City of Minden

Schedule of Changes in the Total OPEB Liability and Related Ratios  
September 30, 2018

<b>Total OPEB Liability</b>	
Service costs	\$ 353,798
Interest	408,348
Benefits payments	(382,425)
Net change in total OPEB liability	379,721
Total OPEB liability - beginning	9,895,238
Total OPEB liability - ending	<u>\$ 10,274,959</u>
Covered employee payroll	\$ 4,940,521
Total OPEB liability as a percentage of covered employee payroll	207.97%

**Changes of Assumptions**

Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. The following is the discount rate used:

2018	4.06%
------	-------

**Notes:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

City of Minden

Schedule of Proportionate Share of Net Pension Liability  
September 30, 2018

Fiscal Year	Employer's	Employer's	Employer's Covered Payroll	Employer's	Fiduciary Net Position as a Percentage of the Total Pension Liability
	Proportion of the Net Pension Liability	Share of the Net Pension Liability		Share of the Net Pension Liability	

Municipal Employees' Retirement System

2015	2.116933%	\$ 7,562,018	\$ 3,613,092	209.00%	66.18%
2016	2.113222%	8,611,486	3,775,921	229.00%	62.11%
2017	2.043600%	8,549,240	3,712,308	230.29%	62.49%
2018	1.949277%	8,071,328	3,558,828	226.80%	63.94%

Municipal Police Employees' Retirement System

2015	0.430206%	\$ 3,370,211	\$ 1,705,932	198.00%	70.73%
2016	0.445268%	4,173,416	1,294,652	322.00%	66.04%
2017	0.387770%	3,385,396	1,128,637	299.95%	70.08%
2018	0.382525%	3,233,890	1,128,882	286.47%	71.89%

Notes:

The amounts presented have a measurement date of June 30, 2018.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.



**SCHEDULE 4**

Fiscal Year	Employer's Proportion of the Net Pension Liability		Employer's Proportionate Share of the Net Pension Liability		Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll		Employer's Proportionate Share of the Net Pension Liability as a Percentage of the Total Pension Liability	
	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Covered Payroll	Employer's Covered Payroll	Employer's Covered Payroll
2015	0.273126%	\$ 1,474,113	\$ 580,443	254.00%	72.45%			
2016	0.282144%	1,845,477	895,307	206.00%	68.16%			
2017	0.300465%	1,722,220	701,544	245.49%	73.55%			
2018	0.339869%	1,954,953	809,175	241.60%	74.76%			

**Firefighters' Retirement System**

**Louisiana State Employees' Retirement System**

2015	0.00031%	\$ 20,974	\$ 3,462	606.00%	62.66%
2016	0.00034%	26,699	6,231	428.00%	57.73%
2017	0.00031%	21,820	6,000	363.67%	62.54%
2018	0.00029%	20,051	6,000	334.18%	64.30%

**SCHEDULE 5**

**City of Minden**

**Schedule of Employer Contributions  
September 30, 2018**

Fiscal Year	Contractually Required Contribution		Contribution in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution	Contribution			
<b>Municipal Employees' Retirement System</b>							
2015	\$ 709,988	\$ 709,988	\$ -	\$ -	\$ 3,594,876	19.75%	
2016	746,485	746,485	-	-	3,650,165	20.45%	
2017	853,862	853,862	-	-	3,680,679	23.20%	
2018	897,155	897,155	-	-	3,556,680	25.22%	
<b>Municipal Police Employees' Retirement System</b>							
2015	\$ 360,404	\$ 360,404	\$ -	\$ -	\$ 1,165,145	30.93%	
2016	376,862	376,862	-	-	1,254,048	30.05%	
2017	343,511	343,511	-	-	1,089,842	31.52%	
2018	356,430	356,430	-	-	1,146,021	31.10%	

**Notes:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

**SCHEDULE 5**

Fiscal Year	Contractually Required Contribution		Contribution in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll		Contribution as a Percentage of Covered Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution	Contribution		Employer's Covered Payroll	Employer's Covered Payroll	

**Firefighters' Retirement System**

2015	\$ 165,271	\$ 165,271	\$ -	\$ -	\$ 575,259	\$ 575,259	28.73%
2016	231,949	231,949	-	-	981,338	981,338	23.64%
2017	185,554	185,554	-	-	726,019	726,019	25.56%
2018	218,989	218,989	-	-	826,374	826,374	26.50%

**Louisiana State Employees' Retirement System**

2015	\$ 1,637	\$ 1,637	\$ -	\$ -	\$ 4,385	\$ 4,385	37.33%
2016	2,322	2,322	-	-	6,000	6,000	38.70%
2017	2,242	2,242	-	-	6,000	6,000	37.37%
2018	2,368	2,368	-	-	6,000	6,000	39.47%

## **SUPPLEMENTARY INFORMATION**

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements – Nonmajor governmental funds
- Budgetary Comparison Schedules – Nonmajor governmental funds
- Schedule of Compensation Paid Board Members
- Schedule of Compensation, Benefits and Other Payments to Agency Head

CITY OF MINDEN, LOUISIANA  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 September 30, 2018

	Special Revenue		
	Drug Task Force Fund	Refunding Bonds Series, 2002	TIF District #1
ASSETS			
Cash and cash equivalents	\$ 34,931	\$ -	\$ 17,692
Investments	-	582,172	-
Accounts receivable	10,260	3,972	1,639
TOTAL ASSETS	\$ 45,191	\$ 586,144	\$ 19,331
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts, salaries, and other payables	-	-	-
FUND BALANCES			
Restricted	45,191	586,144	19,331
Assigned	-	-	-
TOTAL FUND BALANCES	45,191	586,144	19,331
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,191	\$ 586,144	\$ 19,331

SCHEDULE 6

Special Revenue		Capital Project		Debt Service		Total Nonmajor Governmental Funds
TIF District #2	TIF District #3	TIF District #4	Capital Improvements Street Fund	Sales Tax Refunding Bonds, Series 2010		
\$ 115,215	\$ 460	\$ 5,550	\$ 214,825	\$ 283,734	\$	\$ 672,407
-	-	-	-	-	-	582,172
8,119	6	-	-	-	-	23,996
<u>\$ 123,334</u>	<u>\$ 466</u>	<u>\$ 5,550</u>	<u>\$ 214,825</u>	<u>\$ 283,734</u>	<u>\$</u>	<u>\$ 1,278,575</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
123,334	466	5,550	-	283,734		1,063,750
-	-	-	214,825	-		214,825
<u>123,334</u>	<u>466</u>	<u>5,550</u>	<u>214,825</u>	<u>283,734</u>		<u>1,278,575</u>
<u>\$ 123,334</u>	<u>\$ 466</u>	<u>\$ 5,550</u>	<u>\$ 214,825</u>	<u>\$ 283,734</u>	<u>\$</u>	<u>\$ 1,278,575</u>

**CITY OF MINDEN, LOUISIANA**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended September 30, 2018**

	Special Revenue		
	Drug Task Force Fund	Refunding Bonds Series, 2002	TIF District #1
<b>REVENUES</b>			
Sales and use tax	-	-	\$ 14,444
Fines and forfeitures	6,991	-	-
Interest	-	6,492	20
Other revenues	42,823	-	-
Total revenues	<u>49,814</u>	<u>6,492</u>	<u>14,464</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	5,390
Public safety	19,285	-	-
Capital outlay	14,500	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>33,785</u>	<u>-</u>	<u>5,390</u>
Excess (deficiency) of revenues over (under) expenditures	16,029	6,492	9,074
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	16,029	6,492	9,074
Fund balances -- beginning	<u>29,162</u>	<u>579,652</u>	<u>10,257</u>
Fund balances -- ending	<u>\$ 45,191</u>	<u>\$ 586,144</u>	<u>\$ 19,331</u>

SCHEDULE 7

		Special Revenue		Capital Projects		Debt Service		Total Nonmajor Governmental Funds	
		TIF District #2	TIF District #3	TIF District #4	Capital Improvements Street Fund	Sales Tax Refunding Bonds, Series 2010			
\$	100,421	\$	307	\$	2,034	\$	-	\$	117,206
	-		-		-		-		6,991
	91		-	1	-	299	-		6,903
	-		-	-	-	-	-		42,823
	<u>100,512</u>		<u>307</u>	<u>2,035</u>		<u>299</u>			<u>173,923</u>
	1,119		4	26					6,539
	-		-	-					19,285
	-		-	-					14,500
	-		-	-		320,000			320,000
	-		-	-		35,775			35,775
	<u>1,119</u>		<u>4</u>	<u>26</u>		<u>355,775</u>			<u>396,099</u>
	99,393		303	2,009		(355,476)			(222,176)
	-		-	-	206,583	356,925			563,508
	-		-	-	206,583	356,925			563,508
	99,393		303	2,009	206,583	1,449			341,332
	<u>23,941</u>		<u>163</u>	<u>3,541</u>	<u>8,242</u>	<u>282,285</u>			<u>937,243</u>
\$	<u>123,334</u>	\$	<u>466</u>	<u>5,550</u>	<u>214,825</u>	<u>283,734</u>	\$	<u>1,278,575</u>	



SCHEDULE 8a

CITY OF MINDEN, LOUISIANA  
 Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Budget and Actual  
 Nonmajor Governmental Fund - TIF District #1  
 Year Ended September 30, 2018

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and use tax	\$ 24,000	\$ 15,000	\$ 14,444	\$ (556)
Interest	-	-	20	20
Total revenues	<u>24,000</u>	<u>15,000</u>	<u>14,464</u>	<u>(536)</u>
EXPENDITURES				
Current:				
General government	<u>19,536</u>	<u>12,336</u>	<u>5,390</u>	<u>6,946</u>
Total expenditures	<u>19,536</u>	<u>12,336</u>	<u>5,390</u>	<u>6,946</u>
Excess of revenues over expenditures	4,464	2,664	9,074	6,410
Fund balance at beginning of year	<u>10,257</u>	<u>10,257</u>	<u>10,257</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,721</u>	<u>\$ 12,921</u>	<u>\$ 19,331</u>	<u>\$ 6,410</u>

**CITY OF MINDEN, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-**  
**Budget and Actual**  
**Nonmajor Governmental Fund - TIF District #2**  
**Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales and use tax	\$ 40,000	\$ 100,000	\$ 100,421	\$ 421
Interest	-	-	91	91
Total revenues	<u>40,000</u>	<u>100,000</u>	<u>100,512</u>	<u>512</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>560</u>	<u>1,260</u>	<u>1,119</u>	<u>141</u>
Total expenditures	<u>560</u>	<u>1,260</u>	<u>1,119</u>	<u>141</u>
Excess of revenues over expenditure	39,440	98,740	99,393	653
Fund balance at beginning of year	<u>23,941</u>	<u>23,941</u>	<u>23,941</u>	<u>-</u>
Fund balance at end of year	<u>\$ 63,381</u>	<u>\$ 122,681</u>	<u>\$ 123,334</u>	<u>\$ 653</u>

**CITY OF MINDEN, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-**  
**Budget and Actual**  
**Nonmajor Governmental Fund - TIF District #3**  
**Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Sales and use tax	\$ 110	\$ 310	\$ 307	\$ (3)
Total revenues	<u>110</u>	<u>310</u>	<u>307</u>	<u>(3)</u>
<b>EXPENDITURES</b>				
Current:				
General government	2	5	4	1
Total expenditures	<u>2</u>	<u>5</u>	<u>4</u>	<u>1</u>
Excess of revenues over expenditures	108	305	303	(2)
Fund balance at beginning of year	<u>163</u>	<u>163</u>	<u>163</u>	<u>-</u>
Fund balance at end of year	<u>\$ 271</u>	<u>\$ 468</u>	<u>\$ 466</u>	<u>\$ (2)</u>

SCHEDULE 8d

CITY OF MINDEN, LOUISIANA  
 Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Budget and Actual  
 Nonmajor Governmental Fund - TIF District #4  
 Year Ended September 30, 2018

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales and use tax	\$ 5,800	\$ 2,300	\$ 2,034	\$ (266)
Interest	-	-	1	1
Total revenues	<u>5,800</u>	<u>2,300</u>	<u>2,035</u>	<u>(265)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>82</u>	<u>32</u>	<u>26</u>	<u>6</u>
Total expenditures	<u>82</u>	<u>32</u>	<u>26</u>	<u>6</u>
Excess of revenues over expenditures	5,718	2,268	2,009	(259)
Fund balance at beginning of year	<u>3,541</u>	<u>3,541</u>	<u>3,541</u>	<u>-</u>
Fund balance at end of year	<u>\$ 9,259</u>	<u>\$ 5,809</u>	<u>\$ 5,550</u>	<u>\$ (259)</u>

**CITY OF MINDEN, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-**  
**Budget and Actual**  
**Nonmajor Governmental Fund - Sales Tax Refunding Bonds, Series 2010**  
**Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>		<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Basis</u>	<u>Final Budget</u>
					<u>Positive</u>
					<u>(Negative)</u>
<b>REVENUES</b>					
Interest	\$ 250	\$ 250	\$ 299		\$ 49
Total revenues	<u>250</u>	<u>250</u>	<u>299</u>		<u>49</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	320,000	320,000	320,000		-
Interest and other charges	<u>36,375</u>	<u>36,375</u>	<u>35,775</u>		<u>600</u>
Total expenditures	<u>356,375</u>	<u>356,375</u>	<u>355,775</u>		<u>600</u>
Excess (deficiency) of revenues over (under) expenditures	(356,125)	(356,125)	(355,476)		649
<b>OTHER FINANCING SOURCES</b>					
Transfers in	<u>356,125</u>	<u>356,125</u>	<u>356,925</u>		<u>800</u>
Total other financing sources	<u>356,125</u>	<u>356,125</u>	<u>356,925</u>		<u>800</u>
Net change in fund balance	-	-	1,449		1,449
Fund balance at beginning of year	<u>282,285</u>	<u>282,285</u>	<u>282,285</u>		<u>-</u>
Fund balance at end of year	<u>\$ 282,285</u>	<u>\$ 282,285</u>	<u>\$ 283,734</u>		<u>\$ 1,449</u>

CITY OF MINDEN, LOUISIANA

Schedule of Compensation Paid Board Members  
For the Year Ended September 30, 2018

The City of Minden, Louisiana paid the following amounts for compensation to the mayor and members of the City Council as of September 30, 2018:

	<u>Compensation</u>	<u>Car Allowance</u>
Mayor -		
Tommy Davis	\$ 72,000	\$ -
City Council		
Fayrine A. Kennon-Gilbert	10,800	1,200
Benny Gray	10,800	1,200
Wayne Edwards	10,800	1,200
Vincen Bradford	10,800	1,200
Mike Toland	<u>10,800</u>	<u>1,200</u>
	<u>\$ 126,000</u>	<u>\$ 6,000</u>

CITY OF MINDEN, LOUISIANA

Schedule of Compensation, Benefits and Other Payments  
to Agency Head  
For the Year Ended September 30, 2018

Agency Head: Tommy Davis, Mayor

Purpose	Amount
Salary	\$ 72,000
Benefits - insurance	11,117
Benefits - retirement	18,028
Vehicle	1,027
Cellphone	935
Conference fees	2,201
Travel	275
Housing	3,105
Meals	552

## OTHER REPORTS



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

To the Honorable Mayor and the City Council  
City of Minden, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Minden, Louisiana's basic financial statements and have issued our report thereon dated March 31, 2019. We issued an adverse opinion on the aggregate discretely presented component units and an unmodified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Our report includes a reference to other auditors who audited the financial statements of City of Minden, Employee Benefit Plan & Trust as described in our report on the City of Minden, Louisiana's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal

control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency, described in the accompanying schedule of findings and questioned costs as item 2018-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-02 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Minden, Louisiana's financial statements are free of 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 six instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of year findings and questioned costs as item 2018-03 through 2018-05.

### **City of Minden, Louisiana's Response to Findings**

The City of Minden, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Minden, Louisiana'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 City'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. Although the intended use of these reports may be limited, under Louisiana Revised State 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*W. Martin Cole LLC*

Minden, Louisiana  
March 31, 2019

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

To the Honorable Mayor and the City Council  
City of Minden, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the City of Minden, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Minden, Louisiana's major federal programs for the year ended September 30, 2018. City of Minden, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Minden, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

**Report on Internal Control over Compliance**

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

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

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

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

*Wue Martin & Cole LLC*

Minden, Louisiana

March 31, 2019

**CITY OF MINDEN, LOUISIANA**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended September 30, 2018**

Federal grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Transportation Program: Airport Improvement Program	20.106		\$ <u>3,034,160</u>
Department of Transportation Passed Through Louisiana Department of Transportation and Development (DOTD) FHWA Emergency Relief Program	20.205	H.013424 H.013427	\$28,050 <u>24,619</u> 52,669
Passed Through Louisiana Highway Safety Commission 2018 Special Enforcement Wage - Minden Police Department	20.616	2018-35-24	<u>6,615</u>
Total Department of Transportation			<u>59,284</u>
Department of Justice Passed Through Louisiana Commission on Law Enforcement Enhanced Crime Scene Unit	16.738	2016-DJ-06-3480	<u>2,102</u>
Total expenditures of federal awards			<u>\$ 3,095,546</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MINDEN, LOUISIANA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Minden, Louisiana under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Minden, Louisiana, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Minden, Louisiana.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain type of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City of Minden, Louisiana has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF MINDEN, LOUISIANA  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2018

**SUMMARY OF AUDITOR'S RESULTS**

1. The type of audit report issued was an adverse opinion on the aggregate discretely presented component units and an unmodified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.
2. There was two significant deficiencies required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States of America. One of the significant deficiencies were considered to be a material weaknesses.
3. There were six instances of noncompliance, as defined by *Government Auditing Standards*, to the basic financial statements.
4. There were no items in internal control over major federal award programs required to be disclosed.
5. The auditor's report on compliance for the major federal award programs for City of Minden, Louisiana expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs was Airport Improvement Program, CFDA #20.106.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Minden, Louisiana does not qualify as a low-risk auditee under Uniform Guidance.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**2018 -01 Internal controls over financial reporting**

**Origination date:** Fiscal year ended September 30, 2018

**Criteria:** Good internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data and accruals are accurate at year-end.

**Condition found:**

During out testing of year end balances, we noted significant adjustments were needed to address year end balances of cash, accounts receivable, prepaid assets, accounts payable, interfund receivables and payables. The City recognized and approved the necessary adjustments to correct.

CITY OF MINDEN, LOUISIANA  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2018

Our tests revealed:

- Lack of reconciliations of balances of inventory, utility receivables, accounts payable, interfund receivables/payables to the general ledger.
- Prepaid assets were incorrectly recorded in the general ledger.
- Lack of procedures in place to capture all receivables and payables.
- Our test of journal entries revealed, several journal entries being made improperly, without being approved before being recorded.

Cause: Unknown

Effect: The City's controls over year-end reporting may not identify material misstatements on a timely basis.

Recommendation:

The City should establish quality control procedures to ensure that year-end reporting is complete and accurate.

View of Responsible Office and Corrective Action Plan

See management's response on attached letter.

2018-02 Controls over collections

Origination date: Fiscal year ended September 30, 2016

Criteria: Internal controls should be in place to ensure that adequate controls exist over decentralized collections of revenues.

Condition: During our audit, we noted a lack of controls over the collection process.

Cause:

- Police department: Collections of cash bonds and fines in the police department are handled by persons who are also responsible for preparing deposits, taking deposits to the bank, and reconciling disposition of tickets in monthly police reports and/or ticket software. The reconciliation is not performed by someone outside of the collection process. Cash was not being deposited daily.
- Recreation department: Receipts issued to customers were not being reconciled to the amounts being deposited, receipts were not always being issued or documented according to policies and appropriate detail such as complete "z" cash register tapes were not being kept.



CITY OF MINDEN, LOUISIANA  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2018

Deposits were not being made daily.

- We noted instances where other City departments, who also collect money at their locations and are not depositing daily.
- We noted instances where the City allowed a single employee to collect payments from vendors during events which were held after City Hall was closed. We noted a lack of controls established to ensure all money collected was deposited.
- Money is being paid out of cash collections receipts for umpires and referees for events held by the recreation center.

Effect: Without proper segregation of duties over collections, errors or irregularities could occur and not be detected. Our tests were unable to determine whether cash collections of \$935 in the recreation department were deposited.

Recommendation: We suggest that City implement procedures to segregate duties of cash collections, and establish controls over collections to include reconciliations, daily deposits, to discontinue practice of allowing payments to be made from cash collections, and structuring procedures to minimize collections by employees outside of collections department.

View of Responsible Office and Corrective Action Plan

See management's response on attached letter.

**2018-03 General capital assets recordkeeping**

**Origination date:** Fiscal year ended September 30, 2018

Criteria: Louisiana Revised Statutes 24:515B requires the municipality to maintain records of its capital assets. The listing of capital assets is to be updated each year for assets acquired and disposed. Failure to identify and periodically account for municipal assets/property exposes the municipality to possible loss, theft and misuse of assets.

Condition:

- We observed four items which were not added to the City's capital asset inventory by responsible officials of the City.
- We observed 22 out of 46 items tested had missing or incorrectly recorded serial numbers on the inventory list.
- We observed 28 out of 46 items test had insufficient locations recorded for easily locating the item's whereabouts.
- 2 out of 40 items were sold prior to the current fiscal year and included on the client

CITY OF MINDEN, LOUISIANA  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2018

inventory, and not marked as removed from the inventory.

- City maintains an internal inventory of equipment, but no separate listing for land, land improvements, building and building improvements with project description, the year completed, funding source and dollar amounts.

Cause: Unknown

Effect: The City's internal asset listing was not updated for additions and deletions, or correct details such as serial numbers, dates, or location.

Recommendation:

We recommend that the City use tags on all inventory with a number to trace back to the internal list. We also recommend that the City develop steps to ensure that its inventory of capital assets is updated with correct and detailed descriptions, serial numbers, year of acquisition, method of acquisition (e.g. purchase, donation, etc.) location, funding source, cost or estimated cost, salvage value and estimated useful life.

View of Responsible Office and Corrective Action Plan

See management's response on attached letter.

**2018-04 Deposits in excess of adequate security**

**Origination date:** Fiscal year ended September 30, 2017

**Criteria:** According to LSA RS 39:1225, adequate security is to be pledged by the City for deposits in excess of federal depository insurance.

**Condition:** As of September 30, 2018, the City had approximately \$349,679 in deposits with a local bank, which were not adequately secured.

Cause: Unknown

Effect: City deposits were not adequately secured as required by law.

Recommendation: We recommend that management monitor its bank balances and compare with the values of pledged securities with the banks on a monthly basis to ensure that bank balances in excess of federal depository insurance are adequately secured.

Consideration should be given to bank balances held with bank and brokerage firms to ensure that

CITY OF MINDEN, LOUISIANA  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Year Ended September 30, 2018

investments in certificates of deposits are included in the review.

View of Responsible Office and Corrective Action Plan  
See management's response on attached letter.

**2018-05 Public bid law requirements**

**Origination date:** Fiscal year ended September 30, 2017

**Criteria:** Louisiana Revised Statutes 39:2211-38:2226, govern the process for letting contracts when entering into contract for purchases of material and supplies or contracts for public works that exceed threshold amounts.

**Condition:**

- The City did not follow the public bid law requirements for purchases made during the year for airplane and jet fuel totaling \$100,843 and \$44,473, respectively.
- We noted 2 advertisements for material and supplies that did not include time and place for opening bids in the advertisement.
- One public works project was not budgeted before being advertised for bids.

**Cause:** Unknown

**Effect:** The City may have violated the state bid law.

**Recommendation:** We recommend that the City ensure that all purchases are in compliance with the Louisiana Public Bid Law and ensure that written bids are solicited for purchases (including recurring purchases) that exceed the applicable dollar threshold provided in the Louisiana Public Bid Law. Adequate documentation demonstrating such compliance is to be maintained and filed in an organized manner.

**View of Responsible Office and Corrective Action Plan**  
See management's response on attached letter.

## OTHER INFORMATION

CITY OF MINDEN, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended September 30, 2018

**2017-01 Controls over collections**

Finding: During the year, we noted a lack of controls over the collections process.

Status: Not resolved, see 2018-02.

**2017-02 Possible violation of Article VII, Section 14 of Louisiana Constitution**

Finding: City may have donated public resources by not collecting under billed amounts, which appeared to be from a City error in billing system settings for accounts with multipliers.

Status: Resolved

**2017-03 Deposits in excess of adequate security**

Finding: The City had deposits in the local banks that were not adequately secured.

Status: Not resolved, see finding 2018-04

**2017-04 Public bid law requirements**

Finding: The City did not follow public bid law requirements for purchases of airplane and jet fuel and for equipment purchases.

Status: Not resolved, see finding 2018-05.

**ML 2017-01 Capital asset recordkeeping**

Finding: The City's internal asset listing was not updated for additions, deletions, or errors.

Status: Not resolved, see finding 2018-03.

**ML 2017-02 Bank Reconciliations**

Finding: The bank reconciliations carry forward reconciling items which were not clearing. These items were not followed up with timely so that transactions could be properly recorded in the general ledger.

Status: Not resolved, see finding 2018-01.



Terry L. Gardner, Mayor  
www.mindenusa.com

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March 31, 2019

Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

To whom it may concern,

In reference to the City of Minden’s Annual Financial Report for the year ended Sept. 30, 2018 and the Schedule of Findings & Questioned Costs, the management of the City of Minden would like to provide the following response:

2018-01 – Internal controls over financial reporting

The City will implement procedures and policies to ensure that the year-end reporting will be accurate and complete, specifically in reference to the reconciliation of balances of Inventory, AP and AR. Furthermore, the Assistant City Clerk has been advised to seek approval from the City Clerk before recording journal entries.

2018-02 – Controls over collections

All city departments will be advised again of “Segregation of Duties” in the day-to-day operations. Daily depositing of cash will be enforced. Procedures and policies in the Recreation Department have been changed. Irregularities in reference to cash deposits have been investigated and personnel has been changed/released. Additional staff were designated to establish appropriate controls to ensure all collections will be deposited.

Terry L. Gardner  
Mayor

Terika Williams-Walker  
Councilwoman - District B

Michael Fluhr  
City Clerk-Treasurer

Vincen Bradford  
Councilman - District C

L. Charles Mimifield  
City Attorney

Keith Beard  
Councilman - District D

Herbert Taylor, III  
Councilman - District A

Pam Bloxom  
Councilwoman - District E



2018-03 – General capital assets recordkeeping

For the upcoming capital asset inventory, the administration will again initiate 2 inventory updates as well as designating an employee from outside the departments to ensure correct documentation. Furthermore, the City will introduce, starting with FY 2019/2020, a new computer software package which will allow tagging of equipment with a barcode system.

2018-04 – Deposits in excess of adequate security

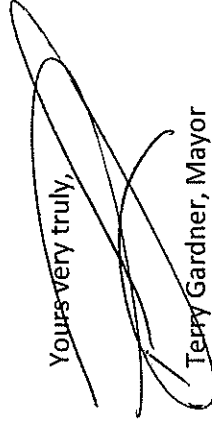
The Finance Department was instructed once more to confirm monthly compliance with LSA RS 39:1225. The City also arranged controls through the banks to ensure that adequate security is pledged for deposits in excess of federal depository insurance.

2018-05 – Public bid law requirements

The City Clerk is aware of RS 38:2212 and will notify and instruct every department supervisor again to follow the public bid law. In the case of airplane fuel purchase, the City of Minden will seek an opinion from the Attorney General if the current procedure is adequate. Not advertising the time and place for bid openings was unintentional and the responsible employee was advised to avoid the same mistake again.

If there are any further questions need to be answered, please feel free to contact me.

Yours very truly,



Terry Gardner, Mayor  
City of Minden



Terry L. Gardner  
Mayor

Terika Williams-Walker  
Councilwoman - District B

Michael Fluhr  
City Clerk-Treasurer

Vinceen Bradford  
Councilman - District C

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Councilman - District A

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Councilwoman - District E

**WISE, MARTIN & COLE, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the City of Minden and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by City of Minden and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

City response to exceptions are attached to this report. The procedures and associated findings are as follows:

***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget  
*Written policies and procedures were obtained and address all of the functions above.*
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

***Exception:*** *Written policies and procedures were obtained and address all of the functions above except for how purchases are initiated and how vendors are added to the vendor list.*



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

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

- e) **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 all of the functions above.*

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

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

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

- h) **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 all of the functions above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Exception:** *Written policies and procedures were obtained and address all of the functions above except for having a system to monitor possible ethics violations and requiring all employees, including elected officials, to annually attest through signature verification that they have read the entity's ethic policy.*

- j) **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 all of the functions above.*

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***Board or Finance Committee***

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*Obtained and reviewed minutes of the board for the fiscal period noting that the board met monthly.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*Observed that the minutes referenced that the council reviewed a budget to actual comparison on the general fund and any other major special revenue fund.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*Observed the unrestricted fund balance and noted that there was no negative unrestricted fund balance.*

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### ***Bank Reconciliations***

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*Management provided a complete list of the bank accounts and representation that the listing was complete. Management also identified the City's main operating bank account.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

***Exception:*** *There was no evidence that the bank reconciliations were prepared within 2 months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

***Exception:*** *There was no evidence that the bank reconciliations were reviewed.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Of the five accounts tested, four of the accounts had no outstanding items for more than 12 months from the statement closing date.*

***Exception:*** *One of the five bank accounts did not have documentation reflecting that management has researched reconciling items that have been outstanding for more than 12 months.*

---

### ***Collections***

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*The City of Minden has provided us with the required list and representation that the listing is complete and accurate.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*The City of Minden has provided us with the required list and representation that the listing is complete and accurate.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*Employees collecting cash in the Utility Department-Permits do not share cash drawers/registers.*

**Exception:** *Employees in the Police Department and Drug Task Force do not have a cash drawer/register; however the money is locked up in a safe that can be accessed by two employees.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*Employees in the Utility Department-Permits responsible for collecting cash are also responsible for preparing the bank deposit; however another employee reconciles it to the deposit slip.*

**Exception:** *There is one employee in the Police Department and one employee in the Drug Task Force that is responsible for collecting cash is also responsible for preparing and making the deposit. There are no other employees who reconcile the deposit to the collection documentation.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*Employees in the Utility Department-Permits are responsible for posting entries to the general ledger; however, another employee is responsible for reconciling the ledger postings to each other and to the deposit slip.*

**Exception:** *There is one employee in the Police Department and one employee in the Drug Task Force that is responsible for collecting cash and is also responsible for posting to the general ledger. There are no other employees who reconcile the ledger postings to each other and to the deposit.*

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*Employees responsible for reconciling cash collections to the general ledger for the Utility Department and Police Department are not responsible for collecting cash.*

**Exception:** *The employee responsible for reconciling cash collections to the general ledger for the Drug Task Force is responsible for collecting cash.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Exception:** *Employees who work in the Utility Department are bonded; however, other employees who have access to cash are not bonded by an insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

*Of the five bank accounts tested in procedure #3 under "Bank Reconciliations", only two accounts had deposits prepared during the fiscal period.*

a) Observe that receipts are sequentially pre-numbered.

*Pre-numbered receipts are only used for one of the bank accounts tested under procedure #3 under "Bank Reconciliations" (General Fund and Clearing Fund).*

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions noted*

c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**Exception:** *Of the four deposits tested, two of the deposits for the General Fund were not deposited within one business day. Deposits collected by the Police Department ranged from 12/8/17-1/3/18 and were not deposited until 1/4/18. Deposits collected for the Recreation Department were collected the week before and were not deposited until 1/4/18. One deposit collected in the Utility Department for permits was collected on 7/20/18, but it was not deposited until 7/24/18.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exception noted*

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Management provided us with listing of locations that process payments and representation that the listing is complete.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*Two of the three locations (Accounts Payable (AP) Department and Drug Task Force – Police Department) tested had at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.*

**Exception:** *One of the three locations (Manual checks written at City Hall) has only one employee involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.*

- b) At least two employees are involved in processing and approving payments to vendors.

*Two of the three locations (Accounts Payable (AP) Department and Drug Task Force – Police Department) tested had at least two employees involved in processing and approving payments to vendors.*

**Exception:** *One of the three locations (Manual checks written at City Hall) has only one employee involved in processing and approving payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

**Exception:** *The employees responsible for processing payments at each location are not prohibited from adding/modifying vendor files. No other employee is responsible for periodically reviewing changes to vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Exception:** *The employees responsible for processing payments at each location are given the checks back after they are signed to mail the payments.*

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*Management provided us with listing of entity disbursements and representation that the population is complete.*

- a) Observe that the disbursement matched the related original invoice/billing statement.

*No exceptions noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Exception:** *Of the fifteen disbursements tested, there were three disbursements that did not include evidence of segregation of duties. One disbursement was initiated, approved, and processed by the same employee for manual checks at City Hall location. Two disbursements had*

*no evidence that at least two employees were involved in initiating, approving, processing, and mailing the checks at the Drug Task Force -- Police Department location.*

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

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

*Management provided us with the required list and representation that the listing is complete.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.]

*Supporting documentation provided showed that the documentation was reviewed and approved by someone other than the authorized card holder.*

b) Observe that finance charges and late fees were not assessed on the selected statements.

*No finance charges or late fees were assessed on the selected statements.*

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

*There were only fuel cards selected in the random sample therefore #13 does not apply.*



Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Management provided us with a listing of all travel and related expense reimbursements and representation that the listing is complete.*

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Of the five selected reimbursement, three used per diem. These three were for mileage only and were in accordance with the required mileage rate.*

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Observed four of the five reimbursements were supported by original itemized receipts that documented precisely what was purchased. One of the five did not apply due to being mileage only and was reimbursed using per diem.*

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Observed that all reimbursements were supported by documentation of the business/public purpose. Two of the five had documentation that included names of the individuals participating. Two of the five did not apply due to no meals being included. All reimbursements were in accordance with the documentation required by written policy.*

**Exception:** *One of the five had no documentation of names of those individuals participating.*

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Observed that all reimbursements were reviewed and approved by someone other than the person receiving reimbursement.*

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

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

*Wise Martin & Cole LLC*

Minden, LA

March 31, 2019



Terry L. Gardner, Mayor  
www.mindenusa.com

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March 31, 2019

Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

To whom it may concern,

In reference to the Independent Accountant’s Report on Applying Agreed-Upon Procedures for the year ended Sept. 30, 2018, the management of the City of Minden would like to provide the following response:

**Written Policies and Procedures**

**b) Purchasing, Exception:**

The City will amend its Policies and Procedures by adding how purchases are initiated and vendor lists are increased/decreased.

**i) Ethics, Exception:**

Policies and Procedures will be amended. A system to monitor violations will be installed through the Human Resource Department. The City will require each employee incl. elected officials to verify the reading of the Ethics Policy.

**Board of Finance Committee**

**3 a, b and c) Bank reconciliations, Exception:**

In the future, the reconciliation report will be reviewed, researched for items outstanding for more than 12 months, dated and signed.



<b>Terry L. Gardner</b> <i>Mayor</i>	<b>Michael Finhr</b> <i>City Clerk-Treasurer</i>	<b>L. Charles Minifield</b> <i>City Attorney</i>	<b>Herbert Taylor, III</b> <i>Councilman - District A</i>
<b>Terika Williams-Walker</b> <i>Councilwoman - District B</i>	<b>Vincen Bradford</b> <i>Councilman - District C</i>	<b>Keith Beard</b> <i>Councilman - District D</i>	<b>Pam Bloxom</b> <i>Councilwoman - District E</i>

**Collections**

5 a, b, c and d

Police Department was advised to make the appropriated changes and comply with the AUP's.

6) Bonding

All employees handling cash will be bonded.

7) Daily deposits

Every department handling money was instructed to make daily deposits.

**Non-Payroll Disbursements**

9 a and b) 2. Signatures

City Clerk as the second employee will sign all manual checks.

9 b) Vendor files

A second employee will periodically review the changes in the vendor files. AP clerk was advised to report changes/additions to the vendor list to the City Clerk.

9 d) Payments mail out

Different employee (besides the employee responsible for processing payments) will mail the payments.

10 b) Segregation of Duties

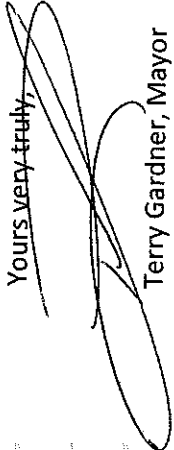
City will instruct all departments again to follow the law in reference to segregation of duties.

**Travel and Travel-Related Expense Reimbursements**

14 c) Supporting documentation

Employees are instructed again to list all participating individuals and the purpose in case of expenses for meals.

If there are any further questions need to be answered, please feel free to contact me.

Yours very truly,  
  
Terry Gardner, Mayor  
City of Minden

Terry L. Gardner  
Mayor

Terika Williams-Walker  
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