

**City of Springhill  
Springhill, Louisiana**

**Financial Statements with Auditors' Report**

**As of and For the Year Ended June 30, 2021**

City of Springhill  
Springhill, Louisiana

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# COOK & MOREHART

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## Independent Auditors' Report

The Honorable W. Ray Huddleston, Mayor  
and Members of the City Council  
City of Springhill  
Springhill, 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 Springhill, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Springhill'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 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 from material misstatement.

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

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

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

The financial statements do not include financial data for the City of Springhill's aggregate discretely presented component units. Accounting principles generally accepted in the United States of America require the financial data for the component units to be reported with the financial data of the City's primary government unless the City of Springhill also issues financial statements for the financial reporting entity that include the financial data for its component units. The City of Springhill has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Springhill, as of June 30, 2021 or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springhill as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 10, budgetary comparison information on pages 58 – 59, schedule of proportionate share of net pension liability on page 60, and schedule of contributions on page 61 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

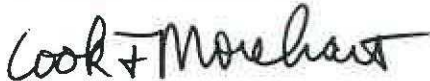
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springhill's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 62 - 69 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the City of Springhill prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedules, Justice System Funding Schedules, shown on pages 70-71, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedules are presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. The information is the responsibility of management and was derived from and relates 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 Justice System Funding Schedules, shown on pages 70-71, are fairly stated in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the City of Springhill, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of Springhill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Springhill's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 29, 2021

## CITY OF SPRINGHILL

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Springhill's financial performance provides an overview of the City of Springhill's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements, which begin on page 11.

#### FINANCIAL HIGHLIGHTS

- The City of Springhill's net position of our governmental activities increased by \$400,739 or 3%.
- The City of Springhill's net position of our business-type activities decreased by \$785,546 or 6%.
- In the City's governmental activities, total general and program revenues were \$4,808,873 in 2021 compared to \$4,841,117 in 2020. Total expenses, excluding depreciation, totaled \$3,500,958 for the year ended June 30, 2021 compared to \$3,612,351 for 2020.
- In the City's business-type activities, revenues increased by \$62,045 or 3% due to increased charges for services.

#### 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 11 and 12) provide information about the activities of the City of Springhill as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. 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 of Springhill's operations in more detail than the government-wide statements by providing information about the City of Springhill's most significant funds.

#### Reporting the City of Springhill as a Whole

Our analysis of the City of Springhill as a whole begins on page 11. One of the most important questions asked about the City of Springhill's finances is "Is the City of Springhill 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 funds maintained by the City of Springhill 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 of Springhill's *net position* and changes in them. You can think of the City of Springhill's net position – the difference between assets and liabilities – as one way to measure the City of Springhill's *financial health*, or *financial position*. Over time, *increases* or *decreases* in the City of Springhill's net position is one indicator of whether its *financial health* is improving or

deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base, 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, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues 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 and sewer system are reported here.

The Springhill City Court and Ward 2 Marshal were determined to be component units of the City. Complete financial statements of the individual component units may be obtained from their respective administration offices or from the City of Springhill. The City has chosen to issue financial statements of the primary government (City) only; therefore, the previously listed component units are not included in the accompanying financial statements.

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

Our analysis of the major funds maintained by the City of Springhill begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds maintained by the City of Springhill – not the City of Springhill as a whole. The City of Springhill's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the City of Springhill'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 available for spending. 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 of Springhill's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain City of Springhill expenses. 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 at the bottom of the fund financial statements.

Proprietary funds – When the City charges customers for the services it provides, 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 OF SPRINGHILL AS A WHOLE

The City of Springhill's combined net position changed from a year ago, decreasing from \$25,736,250 to \$25,351,444. A comparative analysis of the funds maintained by the City of Springhill is presented below.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 7,150,713	\$ 6,712,086	\$ 3,597,996	\$ 3,904,700	\$ 10,748,709	\$ 10,616,786
Capital assets	12,866,728	13,275,153	18,596,108	19,590,401	31,462,836	32,865,554
Total assets	<u>20,017,441</u>	<u>19,987,239</u>	<u>22,194,104</u>	<u>23,495,101</u>	<u>42,211,545</u>	<u>43,482,340</u>
Deferred Outflows of Resources						
Pension related	954,843	688,243	158,624	165,367	1,113,467	853,610
Current liabilities	245,029	346,405	408,868	353,492	653,897	699,897
Long-term liabilities	7,056,824	6,989,743	9,990,378	10,555,403	17,047,202	17,545,146
Total liabilities	<u>7,301,853</u>	<u>7,336,148</u>	<u>10,399,246</u>	<u>10,908,895</u>	<u>17,701,099</u>	<u>18,245,043</u>
Deferred Inflows of Resources						
Pension related	248,673	318,315	23,797	36,342	272,470	354,657
Net position:						
Net investment						
in capital assets	8,626,728	8,709,209	9,276,097	9,663,633	17,902,825	18,372,842
Restricted	5,086,980	4,698,342	585,514	581,117	5,672,494	5,279,459
Unrestricted	(291,950)	(386,532)	2,068,074	2,470,481	1,776,124	2,083,949
Total net position	<u>\$ 13,421,758</u>	<u>\$ 13,021,019</u>	<u>\$ 11,929,685</u>	<u>\$ 12,715,231</u>	<u>\$ 25,351,443</u>	<u>\$ 25,736,250</u>

**Table 1**  
**Net Position**

Net position of the City of Springhill's governmental activities increased by \$400,739 or 3%. Net position of the City of Springhill's business-type activities decreased by \$785,546 or 6%.

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Programs revenues</b>						
Charges for services	\$ 360,297	\$ 372,766	\$ 2,112,359	\$ 2,169,943	\$ 2,472,656	\$ 2,542,709
Operating grants and contributions	194,279	334,188			194,279	334,188
Capital grants and contributions	248,159	293,386	268,244	179,153	516,403	472,539
<b>General revenues</b>						
Ad valorem taxes	234,518	230,750			234,518	230,750
Sales taxes	2,878,379	2,643,730			2,878,379	2,643,730
Franchise taxes	128,975	140,411			128,975	140,411
Other taxes	7,460	6,801			7,460	6,801
License and permits	202,785	224,279			202,785	224,279
Gaming taxes	377,532	307,843			377,532	307,843
Oil and gas	9,032	8,988			9,032	8,988
Investment earnings	21,853	64,723	3,843	30,104	25,696	94,827
Miscellaneous	145,604	197,978	56,799		202,403	197,978
Sale of assets		15,274				15,274
<b>Total Revenues</b>	<b>4,808,873</b>	<b>4,841,117</b>	<b>2,441,245</b>	<b>2,379,200</b>	<b>7,250,118</b>	<b>7,220,317</b>
<b>Expenses</b>						
General government	665,544	852,876			665,544	852,876
Public safety	1,517,339	1,463,927			1,517,339	1,463,927
Parks and recreation	194,900	175,394			194,900	175,394
Waste collection services	284,585	268,878			284,585	268,878
Streets	930,973	854,917			930,973	854,917
Airport	217,383	191,614			217,383	191,614
Transportation	34,444	48,899			34,444	48,899
Maintenance	96,412	131,796			96,412	131,796
Ward court	195,311	194,640			195,311	194,640
Driver's license bureau	6,866	7,964			6,866	7,964
Interest on long term debt	122,340	129,300			122,340	129,300
Water and sewer			3,161,469	2,771,124	3,161,469	2,771,124
Community activities			177,889	150,977	177,889	150,977
Cemetery			29,470	16,907	29,470	16,907
<b>Total expenses</b>	<b>4,266,097</b>	<b>4,320,205</b>	<b>3,368,828</b>	<b>2,939,008</b>	<b>7,634,925</b>	<b>7,259,213</b>
<b>Transfers</b>	<b>(142,037)</b>	<b>(187,605)</b>	<b>142,037</b>	<b>187,605</b>		
<b>Increase (decrease) in net position</b>	<b>\$ 400,739</b>	<b>\$ 333,307</b>	<b>\$ (785,546)</b>	<b>\$ (372,203)</b>	<b>\$ (384,807)</b>	<b>\$ (38,896)</b>

The City's total revenues increased \$29,801 or 1% due in part to an increase in sales taxes and capital grants & contributions. The total cost of all programs and services increased \$375,712 or 5% from 2020 to 2021. Our analysis below separately considers the operations of the governmental and business-type activities.

## **Governmental Activities**

Total revenues for the governmental activities decreased \$32,244 from total revenues in the year ended June 30, 2020 of \$4,841,117 to total revenues of \$4,808,873 in the year ended June 30, 2021.

The cost of all governmental activities this year was \$4,266,097. These costs were covered by \$805,935 of program revenues, with the remaining costs covered by property taxes, sales taxes, and other general revenues.

## **Business-type Activities**

Total revenues for the business-type activities increased \$62,045 or 3% from total revenues in the year ended June 30, 2020 of \$2,379,200 to total revenues of \$2,441,245 in the year ended June 30, 2021.

The cost of all business-type activities this year was \$3,368,828. These costs were covered in part by \$2,380,603 of program revenues, consisting of charges for services assessed to users and capital grants.

## **THE CITY'S FUNDS**

As the City completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a *combined* fund balance of \$6,953,882, which is more than last year's fund balance of \$6,416,553. The primary reason for this increase is an increase in capital contributions - grants as a result of an airport project.

## **General Fund Budgetary Highlights**

The City adopted a budget for its General Fund for the year ended June 30, 2021. There was one amendment to the budget during the year. The City's budgetary comparison is presented as required supplementary information and shown on page 58. Highlights for the year are as follows:

- Actual revenues exceeded budgeted amounts by \$273,077.
- Actual expenditures were less than budgeted amounts by \$198,160, due primarily to lower expenditures than anticipated for general government and capital outlay.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2021 and 2020, the City of Springhill had invested \$31,462,836 and \$32,865,554, respectively in capital assets. (see table 3 below)

**Table 3**  
**Capital Assets At Year End**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 525,294	\$ 525,294	\$ 48,490	\$ 48,490	\$ 573,784	\$ 573,784
Construction in progress	102,764	39,060	562,970	830,451	665,734	869,511
Buildings	2,713,972	2,566,852	1,121,585	1,184,632	3,835,557	3,751,484
Infrastructure	8,579,076	9,125,252			8,579,076	9,125,252
Improvements other than buildings	679,158	723,950	4,621	5,037	683,779	728,987
Equipment	266,464	294,745	153,226	177,113	419,690	471,858
Vehicles			35,007	77,725	35,007	77,725
Sewer system			3,748,890	4,013,945	3,748,890	4,013,945
Water system			12,921,319	13,253,008	12,921,319	13,253,008
Total assets(net)	<u>\$ 12,866,728</u>	<u>\$ 13,275,153</u>	<u>\$ 18,596,108</u>	<u>\$ 19,590,401</u>	<u>\$ 31,462,836</u>	<u>\$ 32,865,554</u>

This years major additions included:

Construction in progress	\$ 63,704	\$ 117,171
Water system		50,000
Buildings	244,695	
Equipment	56,021	
Total	<u>\$ 364,420</u>	<u>\$ 167,171</u>

More detailed information about the capital assets are presented in Note 5 to the financial statements.

## Debt

At year-end, the City had \$17,047,202 in bonds, notes, and other long-term liabilities outstanding, versus \$17,545,146 last year – a decrease of 3%.

**Table 4  
Outstanding Debt At Year End**

	Governmental Activities		Business-type Activity		Totals	
	2021	2020	2021	2020	2021	2020
Net pension liability	\$2,788,099	\$2,434,412	\$ 670,367	\$ 667,968	\$ 3,458,466	\$ 3,102,380
Sales tax bonds	4,240,000	4,515,000			4,240,000	4,515,000
General obligation bonds				58,000		58,000
Compensated absences	28,725	40,331			28,725	40,331
Water revenue bonds			9,320,011	9,829,435	9,320,011	9,829,435
	<u>\$7,056,824</u>	<u>\$6,989,743</u>	<u>\$ 9,990,378</u>	<u>\$10,555,403</u>	<u>\$17,047,202</u>	<u>\$17,545,146</u>

State law restricts the amount of debt that the City of Springhill may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The City of Springhill's total debt outstanding at year-end was below this limitation.

More detailed information about the debt is presented in Note 9 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City of Springhill's management considered many factors when setting a fiscal year June 30, 2022 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same.

Expenditures for 2022 are expected to remain substantially the same.

It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the City of Springhill and to show the City of Springhill's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at City of Springhill, 101 Machen Dr.; Springhill, La 71075.

City of Springhill  
Springhill, Louisiana  
Statement of Net Position  
June 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,462,914	\$ 592,300	\$ 5,055,214
Restricted cash and cash equivalents		697,700	697,700
Investments	1,561,921	1,864,974	3,426,895
Restricted investments	322,884	76,436	399,320
Prepays	127,399	142,981	270,380
Receivables, net	434,508	407,221	841,729
Inventories	4,207	53,264	57,471
Internal balances	236,880	(236,880)	
Capital assets not being depreciated	628,058	611,460	1,239,518
Depreciable capital assets, net	12,238,670	17,984,648	30,223,318
<b>Total assets</b>	<b>20,017,441</b>	<b>22,194,104</b>	<b>42,211,545</b>
<b>Deferred Outflows of Resources</b>			
Pension related	954,843	158,624	1,113,467
<b>Liabilities</b>			
Accounts payable and accrued expenses	245,029	220,246	465,275
Payable from restricted assets:			
Customer deposits		188,622	188,622
Non-current liabilities:			
Due within one year	313,725	522,405	836,130
Due in more than one year	6,743,099	9,467,973	16,211,072
<b>Total liabilities</b>	<b>7,301,853</b>	<b>10,399,246</b>	<b>17,701,099</b>
<b>Deferred Inflows of Resources</b>			
Pension related	248,673	23,797	272,470
<b>Net Position</b>			
Net investment in capital assets	8,626,728	9,276,097	17,902,825
Restricted for:			
Debt service	274,688	585,514	860,202
Capital improvements	3,629,037		3,629,037
Sewer, water, garbage, public safety, parks and recreation, and streets	1,183,255		1,183,255
Unrestricted	(291,950)	2,068,074	1,776,124
<b>Total net position</b>	<b>\$ 13,421,758</b>	<b>\$ 11,929,685</b>	<b>\$ 25,351,443</b>

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2021

Functions / Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 655,544	\$ 10,807	\$ 26,679	\$ 175,000	\$ (453,058)	\$	\$ (453,058)
Public safety	1,517,339	31,220	148,157		(1,337,962)		(1,337,962)
Parks and recreation	194,900				(194,900)		(194,900)
Waste collection services	284,585	301,068			16,483		16,483
Streets	930,973		4,560		(926,413)		(926,413)
Airport	217,383	7,602	8,883	73,159	(127,739)		(127,739)
Transportation	34,444				(34,444)		(34,444)
Maintenance	96,412				(96,412)		(96,412)
Ward court	195,311		6,000		(189,311)		(189,311)
Driver's license bureau	6,866	9,600			2,734		2,734
Interest on long-term debt	122,340				(122,340)		(122,340)
<b>Total governmental activities</b>	<b>4,266,097</b>	<b>360,297</b>	<b>194,279</b>	<b>248,159</b>	<b>(3,463,362)</b>		<b>(3,463,362)</b>
<b>Business-type Activities</b>							
Water and sewer	3,161,469	2,029,294		268,244		(863,931)	(863,931)
Community activities	177,889	42,910				(134,979)	(134,979)
Cemetery	29,470	40,155				10,685	10,685
<b>Total business-type activities</b>	<b>3,368,828</b>	<b>2,112,359</b>		<b>268,244</b>		<b>(988,225)</b>	<b>(988,225)</b>
<b>Total Government</b>	<b>\$ 7,634,925</b>	<b>\$ 2,472,656</b>	<b>\$ 194,279</b>	<b>\$ 516,403</b>	<b>(3,463,362)</b>	<b>(988,225)</b>	<b>(4,451,587)</b>
			<b>General revenues:</b>				
			Ad valorem taxes		234,518		234,518
			Sales taxes		2,878,379		2,878,379
			Franchise taxes		128,975		128,975
			Other taxes		7,460		7,460
			Licenses and permits		202,785		202,785
			Gaming taxes		377,532		377,532
			Oil and gas		9,032		9,032
			Investment earnings		21,853	3,843	25,696
			Miscellaneous		145,604	56,799	202,403
			Transfers		(142,037)	142,037	
			<b>Total general revenues and transfers</b>		<b>3,864,101</b>	<b>202,679</b>	<b>4,066,780</b>
			Change in net position		400,739	(785,546)	(384,807)
			Net position - beginning		13,021,019	12,715,231	25,736,250
			Net position - ending		<b>\$ 13,421,758</b>	<b>\$ 11,929,685</b>	<b>\$ 25,351,443</b>

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, Louisiana  
Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	Sales Tax	Other Governmental Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 507,800	\$ 3,955,114	\$	\$ 4,462,914
Investments	1,161,921	400,000		1,561,921
Restricted investments			322,884	322,884
Accounts receivable	173,244	261,264		434,508
Inventory	4,207			4,207
Prepaid	127,399			127,399
Due from other funds	37,188	200,000		237,188
Total assets	<u>\$ 2,011,759</u>	<u>\$ 4,816,378</u>	<u>\$ 322,884</u>	<u>\$ 7,151,021</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 183,457	\$ 4,086	\$	\$ 187,543
Bond due to city court	9,288			9,288
Due to other funds	308			308
Total liabilities	<u>193,053</u>	<u>4,086</u>		<u>197,139</u>
<b>Fund balances:</b>				
Non spendable	131,606			131,606
Restricted		4,812,292	322,884	5,135,176
Assigned	547,119			547,119
Unassigned	1,139,981			1,139,981
Total fund balances	<u>1,818,706</u>	<u>4,812,292</u>	<u>322,884</u>	<u>6,953,882</u>
Total liabilities and fund balances	<u>\$ 2,011,759</u>	<u>\$ 4,816,378</u>	<u>\$ 322,884</u>	<u>\$ 7,151,021</u>

The accompanying notes are an integral part of these financial statements.



City of Springhill  
Springhill, Louisiana  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2021

Fund balances - total governmental funds	\$	6,953,882
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		12,866,728
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Deferred outflows - pension related		954,843
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable		(4,240,000)
Accrued interest		(48,198)
Compensated absences		(28,726)
Net pension liability		(2,788,098)
Deferred inflows - pension related		(248,673)
		13,421,758
Net position of governmental activities	\$	13,421,758

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021

	General Fund	Sales Tax	Other Governmental Funds	Totals
<b>Revenues:</b>				
Ad valorem taxes	\$ 234,518		\$	\$ 234,518
Sales tax		2,878,379		2,878,379
Franchise taxes	128,975			128,975
Other taxes	7,460			7,460
Licenses and permits	202,785			202,785
Waste collection services	301,068			301,068
Gaming taxes	377,532			377,532
Intergovernmental revenues	212,823			212,823
Fines and forfeitures	31,220			31,220
Investment earnings	2,501	19,334	18	21,853
Rental of facilities	28,009			28,009
Oil and gas	9,032			9,032
Miscellaneous	145,604			145,604
Total revenues	<u>1,681,527</u>	<u>2,897,713</u>	<u>18</u>	<u>4,579,258</u>
<b>Expenditures:</b>				
Current:				
General government	877,882	41,419		919,301
Public safety	1,402,708			1,402,708
Parks and recreation	104,778			104,778
Streets	499,317			499,317
Airport	59,283			59,283
Ward court	193,919			193,919
Transportation	35,350			35,350
Maintenance	88,934			88,934
Driver license bureau	6,866			6,866
Capital outlay	189,420			189,420
Debt service:				
Principal retirement			275,000	275,000
Interest and other charges			125,016	125,016
Total expenditures	<u>3,458,457</u>	<u>41,419</u>	<u>400,016</u>	<u>3,899,892</u>
Excess (deficiency) of revenues over expenditures	(1,776,930)	2,856,294	(399,998)	679,366
<b>Other financing sources (uses):</b>				
Transfers in	1,988,334		407,856	2,396,190
Transfers out	(60,037)	(2,478,190)		(2,538,227)
Total other financing sources (uses)	<u>1,928,297</u>	<u>(2,478,190)</u>	<u>407,856</u>	<u>(142,037)</u>
Net change in fund balance	151,367	378,104	7,858	537,329
Fund balances at beginning of year	<u>1,667,339</u>	<u>4,434,188</u>	<u>315,026</u>	<u>6,416,553</u>
Fund balances at end of year	<u>\$ 1,818,706</u>	<u>\$ 4,812,292</u>	<u>\$ 322,884</u>	<u>\$ 6,953,882</u>

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, 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 June 30, 2021

Net change in fund balances - total governmental funds	\$	537,329
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$765,139) exceeded capital outlays (\$189,420) in the current period.</p>		(575,719)
<p>The net effect of various transactions involving capital assets (sales, trade-ins, donated infrastructure, etc.) is to decrease net position.</p>		167,294
<p>The repayment of principal of long-term debt consumes current financial resources of governmental funds.</p>		275,000
<p>Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the Statement of Activities</p>		
<p>Non-employer contributions to cost-sharing pension plan</p>		54,614
<p>Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities, but does not require the use of financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.</p>		2,675
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
<p>Compensated absences</p>		11,604
<p>Pension expense</p>		(72,058)
Change in net position of governmental activities	\$	<u>400,739</u>

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, Louisiana  
Statement of Net Position  
Proprietary Funds  
June 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>		Totals
	Water and Sewer Fund	Other Enterprise Funds	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 267,138	\$ 325,162	\$ 592,300
Restricted cash and cash equivalents	112,186		112,186
Investments	1,864,974		1,864,974
Restricted investments	60,000	16,436	76,436
Accounts receivable, net	390,687	16,534	407,221
Inventories		53,264	53,264
Prepays	117,288	25,693	142,981
Due from other funds		351	351
Total current assets	<u>2,812,273</u>	<u>437,440</u>	<u>3,249,713</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	585,514		585,514
<b>Capital assets:</b>			
Land	48,490		48,490
Construction in progress	562,970		562,970
Plant and equipment	31,215,576	2,717,298	33,932,874
Less: accumulated depreciation	(14,422,266)	(1,525,960)	(15,948,226)
Total noncurrent assets	<u>17,990,284</u>	<u>1,191,338</u>	<u>19,181,622</u>
Total assets	<u>20,802,557</u>	<u>1,628,778</u>	<u>22,431,335</u>
<b>Deferred Outflows of Resources</b>			
Pension related	<u>158,624</u>		<u>158,624</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	188,852	8,737	197,589
Due to other funds	233,062	4,169	237,231
<b>Payable from restricted assets:</b>			
Revenue bonds	522,405		522,405
Accrued interest	22,657		22,657
Customer deposits	188,622		188,622
Total current liabilities	<u>1,155,598</u>	<u>12,906</u>	<u>1,168,504</u>
<b>Noncurrent liabilities:</b>			
Net pension liability	670,367		670,367
Revenue bonds	8,797,606		8,797,606
Total noncurrent liabilities	<u>9,467,973</u>		<u>9,467,973</u>
Total liabilities	<u>10,623,571</u>	<u>12,906</u>	<u>10,636,477</u>
<b>Deferred Inflows of Resources</b>			
Pension related	<u>23,797</u>		<u>23,797</u>
<b>Net position</b>			
Net investment in capital assets	8,084,759	1,191,338	9,276,097
<b>Restricted for:</b>			
Debt service	585,514		585,514
Unrestricted	1,643,540	424,534	2,068,074
Total net position	<u>\$ 10,313,813</u>	<u>\$ 1,615,872</u>	<u>\$ 11,929,685</u>

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, Louisiana  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>		<u>Totals</u>
	<u>Water and Sewer Fund</u>	<u>Other Enterprise Funds</u>	
Operating revenues:			
Charges for service -			
Water sales	\$ 1,159,421	\$	\$ 1,159,421
Sewerage service charges	869,873		869,873
Cemetery assessments		24,980	24,980
Other charges and fees		2,250	2,250
Sale of cemetery lots		12,925	12,925
Rental of facilities		42,910	42,910
Miscellaneous	56,710	89	56,799
Total operating revenues	<u>2,086,004</u>	<u>83,154</u>	<u>2,169,158</u>
Operating expenses:			
Cost of sales and service		2,912	2,912
Water services	771,608		771,608
Sewer services	955,218		955,218
Community activities		109,497	109,497
Cemetery maintenance		7,380	7,380
General and administrative	65,645	17,690	83,335
Depreciation	1,091,590	69,880	1,161,470
Total operating expenses	<u>2,884,061</u>	<u>207,359</u>	<u>3,091,420</u>
Operating income (loss)	<u>(798,057)</u>	<u>(124,205)</u>	<u>(922,262)</u>
Non-operating revenues (expenses):			
Interest income	3,361	482	3,843
Interest expense	(277,408)		(277,408)
Total non-operating revenues (expenses)	<u>(274,047)</u>	<u>482</u>	<u>(273,565)</u>
Change in net position before contributions and transfers	(1,072,104)	(123,723)	(1,195,827)
Capital contributions	268,244		268,244
Transfers in	60,037	100,000	160,037
Transfers out		(18,000)	(18,000)
Change in net position	(743,823)	(41,723)	(785,546)
Net position - beginning of year	<u>11,057,636</u>	<u>1,657,595</u>	<u>12,715,231</u>
Net position - end of year	<u>\$ 10,313,813</u>	<u>\$ 1,615,872</u>	<u>\$ 11,929,685</u>

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Water and Sewer	Non Major Funds	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 2,051,651	\$ 26,308	\$ 2,077,959
Other receipts	56,710	57,916	114,626
Cash payments to suppliers for goods and services	(1,302,651)	(160,001)	(1,462,652)
Cash payments to employees for services	(467,100)		(467,100)
Net Cash From (Used By) Operating Activities	<u>338,610</u>	<u>(75,777)</u>	<u>262,833</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Interfund loans	185,704	(426)	185,278
Transfers from other funds	60,037	100,000	160,037
Transfers to other funds		(18,000)	(18,000)
Net Cash From Noncapital Financing Activities	<u>245,741</u>	<u>81,574</u>	<u>327,315</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital Contributions	326,765		326,765
Acquisition/construction of capital assets	(206,504)		(206,504)
Principal paid on capital debt	(567,424)		(567,424)
Interest paid on capital debt	(277,656)		(277,656)
Net Cash (Used By) Capital and Related Financing Activities	<u>(724,819)</u>		<u>(724,819)</u>
<b>Cash Flow From Investing Activities</b>			
Interest income	3,357	482	3,839
Purchase of investments	(1,751)	(151)	(1,902)
Net Cash From Investing Activities	<u>1,606</u>	<u>331</u>	<u>1,937</u>
Net increase (decrease) in cash and cash equivalents	(138,862)	6,128	(132,734)
Cash, Beginning of year	<u>1,103,700</u>	<u>319,034</u>	<u>1,422,734</u>
Cash, End of year	<u>\$ 964,838</u>	<u>\$ 325,162</u>	<u>\$ 1,290,000</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:			
Cash and cash equivalents	\$ 267,138	\$ 325,162	\$ 592,300
Cash and cash equivalents - restricted	697,700		697,700
Total	<u>\$ 964,838</u>	<u>\$ 325,162</u>	<u>\$ 1,290,000</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By/(Used In) Operating Activities</b>			
Operating income (loss)	\$ (798,057)	\$ (124,205)	\$ (922,262)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	1,091,590	69,880	1,161,470
Accounts receivable	9,462	(922)	8,540
Prepaid expenses	(52,769)	(25,693)	(78,462)
Inventories		1,992	1,992
Accounts payable	78,891	3,171	82,062
Customer deposits	12,895		12,895
Pension related	(3,402)		(3,402)
Net Cash Flows From (Used By) Operating Activities	<u>\$ 338,610</u>	<u>\$ (75,777)</u>	<u>\$ 262,833</u>
<b>Noncash Capital Financing Activities:</b>			
Acquisition of property			
Acquisition/construction of capital assets	\$ 167,171	\$	\$ 167,171
Vendor payable for property and equipment	39,333		39,333
Cash used to acquire/construct capital assets	<u>\$ 206,504</u>	<u>\$</u>	<u>\$ 206,504</u>

The accompanying notes are an integral part of these financial statements.

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021

## INTRODUCTION

The City of Springhill is incorporated under the provisions of the Lawrason Act. The City operates under a Mayor–Board of Aldermen form of government. Elected officials of the City consist of the mayor, five (5) aldermen, and the chief of police, who are elected to four-year terms. The affairs of the City are conducted and managed by the mayor and the board of aldermen.

### (1) Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

GASB established criteria for determining which component units should be considered part of the City of Springhill 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 criteria 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 for which the City does not appoint a voting majority but are fiscally dependent 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.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, the following were determined to be component units of the City: Springhill City Court and Ward 2 Marshal.

Complete financial statements of the individual component units may be obtained from their respective administration offices or from the City of Springhill.

The City has chosen to issue financial statements of the primary government (City) only; therefore, the previously listed component units are not included in the accompanying financial statements.

The Governmental Accounting Standards Board 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. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (City).

**B. Basic Financial Statements – Government-Wide Statements**

The City of Springhill's basic financial statements include both government-wide (reporting the funds maintained by the City of Springhill as a whole) and fund financial statements (reporting the City of Springhill's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general fund, sales tax fund, and debt service funds are classified as governmental activities. The City's water and sewer services, cemetery fund, and community activities fund are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The City of Springhill's net position is reported in three parts – net invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City of Springhill's functions. The functions are also supported by general government revenues

(Continued)



City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

(property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants.

Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City of Springhill as an entity and the change in the City of Springhill's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City of Springhill are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City of Springhill:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City of Springhill:
  - a. General fund is the general operating fund of the City of Springhill. It is used to account for all financial resources except those required to be accounted for in another fund.
  - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City sales tax fund is classified as a special revenue fund.

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

- c. Debt service funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The City's 2014 sales tax bonds, 2015 sales tax bonds, and 2016 sales tax bonds funds are considered debt service funds.
  - d. Capital projects fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City of Springhill:
- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City's water/sewer fund, cemetery fund, and community activities fund are classified as enterprise funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General fund – accounts for all financial resources except those required to be accounted for in another fund.

Sales tax fund – accounts for the proceeds of a 2 1/2 % sales and use tax that is legally restricted for the purposes of constructing, acquiring, extending, improving, operating, and maintaining sewers and sewerage disposal works, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities, streets, alleys, sidewalks and bridges, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building improvements and facilities, title to which improvements shall be in the public, the payment of salaries on non-elected municipal employees, police department stations and related facilities, roads, streets and bridges, and other capital improvements for the City, and to the retirement of public improvement bonds, the proceeds of which were used for construction of sewer improvements, or for any one or more of said purposes.

Water and sewer fund – accounts for the provision of water and sewerage services to the residents of the City.

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City of Springhill  
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Notes to Financial Statements  
June 30, 2021  
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D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budgets

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

1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to June 30, the budget is legally enacted through the passage of an ordinance.
2. Budgets are adopted on a line item basis. Administrative adjustments can be made on a departmental basis between line item accounts only. Inter-departmental amendments, interfund amendments, and additional appropriations from one fund to another are subject to board approval. The overall level of control is on an inter-departmental basis.
3. Unused appropriations of all of the annually budgeted funds lapse at the end of the fiscal year.
4. Budgets for all funds are adopted on a basis consistent with GAAP. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget during the year.

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City of Springhill  
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Notes to Financial Statements  
June 30, 2021  
(Continued)

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the City's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$1 for land, \$1,000 for vehicles, \$5,000 for equipment, \$10,000 for buildings and improvements, and \$25,000 for infrastructure are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value. The City elected not to report major general infrastructure assets retroactively. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	20-30 years
Buildings and improvements	7-40 years
Vehicles	5 years
Machinery and equipment	5 years
Business-type activities/enterprise fund:	
Buildings	25 years
Systems and improvements	20-50 years
Machinery and equipment	10-20 years
Vehicles	5 years
Roads	20-50 years

H. Inventory

Inventories in the governmental funds consist of aviation fuel which is valued at cost on a first-in, first out basis. Inventories in the proprietary funds consist primarily of cemetery plots which are valued at cost on a specific identification basis.

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City of Springhill  
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June 30, 2021  
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I. Revenues

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. Sales tax revenues and gaming revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the City is entitled to the funds.

J. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

K. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the City's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

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City of Springhill  
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Notes to Financial Statements  
June 30, 2021  
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5. Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

The City's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

L. Sales Taxes

On March 30, 1968, the citizens of the City of Springhill approved the assessment of a 1% sales and use tax. Proceeds of this 1% sales and use tax are dedicated to the following purposes: constructing, acquiring, extending, improving, operating, and maintaining sewers and sewerage disposal works, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and recreational facilities, streets, alleys, sidewalks and bridges, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building improvements and facilities, title to which improvements shall be in the public; and for the payment of salaries on non-elected municipal employees; or for any one or more of said purposes.

On November 21, 1987, the citizens of the City of Springhill approved the assessment of a 1/2% sales and use tax. Proceeds of this 1/2% sales and use tax are dedicated to the following purposes: constructing, acquiring, extending, improving, operating, and maintaining fire department stations and related facilities, police department stations and related facilities, and public parks and recreational facilities, purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid buildings, improvements and facilities; and for the payment of salaries on non-elected municipal employees; or for any one or more of said purposes.

In November 1991, the citizens of the City of Springhill approved the assessment of an additional 1% sales and use tax. Proceeds of the 1% sales and use tax are dedicated to the following purposes: acquiring, constructing, extending, improving, maintaining and operating sewer and sewerage disposal facilities, roads, streets and bridges, and other capital improvements for the City, and to the retirement of public improvement bonds, the proceeds of which were used for construction of sewer improvements.

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Notes to Financial Statements  
June 30, 2021  
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M. Compensated Absences

Compensated paid time off is calculated based on the individual employee's anniversary date. Employees must use their paid time off within one year of their anniversary date or it is forfeited. Paid time off is vested and is paid to an employee upon termination.

There was a total of \$28,725 of accumulated unpaid paid time off as of June 30, 2021. The full liability and related costs are reported in the government-wide financial statements. The accumulated unpaid paid time off is a reconciling item between the governmental funds and government-wide statements.

N. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

O. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

P. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(Continued)

City of Springhill  
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Q. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the water and sewer fund is shown net of an allowance of \$31,000.

R. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 currently has deferred outflows of resources related to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to pensions.

T. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the governmental fund and government-wide financial statements.

U. Pension Plan

The City is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 15. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

(Continued)



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Notes to Financial Statements  
June 30, 2021  
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V. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund	7.70	7.70	Statutory
Bond Fund	2.80	2.80	2024

Approximately 25% of the City's ad valorem taxes are derived from 10 taxpayers.

(3) Cash, Cash Equivalents, and Investments

At June 30, 2021, the City has cash, cash equivalents, and investments (book balances) totaling \$9,579,129, as detailed below.

A. Cash and Cash Equivalents

At June 30, 2021, the City has cash and cash equivalents (book balances) totaling \$5,752,914 of which \$697,700, is shown as restricted. 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 equal the amount on deposit with the fiscal agent.

(Continued)

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(Continued)

B. Investments

At June 30, 2021, the City has investments totaling \$3,826,215, of which \$399,320 is shown as restricted.

The investments are presented in the financial statements at fair value using level 2 fair value measurements. Investments at June 30, 2021, consisted of certificates of deposit totaling \$599,250 with maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market.

Also included in investments at June 30, 2021, are \$322,884 held in money market trust funds invested in U.S. government securities.

At June 30, 2021, the City has investments that consist of investments in Louisiana Asset Management Pool (LAMP) totaling \$2,904,081.

The Louisiana Asset Management Pool (LAMP) is a local government investment pool. In accordance with GASB codification section 150.126, the investment in LAMP at the City of Springhill is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. 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 LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The following facts are relevant for LAMP:

Credit risk: LAMP is rated AAAm 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.

(Continued)

City of Springhill  
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Notes to Financial Statements  
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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 assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.

Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. 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 the SEC as an investment company.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2021, \$6,002,441 of the City's bank balances was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in City's name:

Cash and cash equivalents	\$ 5,669,630
Investments	<u>332,811</u>
	<u>\$ 6,002,441</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

D. Restricted Cash and Investments

Restricted cash and investments at June 30, 2021, consisted of amounts received but not yet expended for the following purposes:

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City of Springhill  
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Notes to Financial Statements  
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(Continued)

Governmental Activities –

Restricted investments	
Debt service	\$ 322,884
Total – governmental activities	<u>\$ 322,884</u>

Business-type activities –

Restricted cash	
Customer deposits	\$ 112,186
Debt service	<u>585,514</u>
Total restricted cash	
business-type activities	<u>\$ 697,700</u>

Restricted investments	
Customer deposits	\$ 76,436
Total restricted investment	
business-type activities	<u>\$ 76,436</u>

(4) Receivables

The following is a summary of receivables at June 30, 2021:

<u>Class of</u> <u>Receivable</u>	
Governmental activities –	
Ad valorem	\$ 5,882
Grants	14,640
Sales taxes	261,264
Gaming	58,666
Other	59,228
Franchise taxes	<u>34,828</u>
Total governmental activities	<u>\$ 434,508</u>
Business-type activities –	
Water and sewer charges	\$ 269,955
Cemetery assessments	15,994
Lot sales	540
Grants	120,632
Other	<u>100</u>
Total business-type activities	<u>\$ 407,221</u>

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 39,060	\$ 63,704	\$	\$ 102,764
Land	525,294			525,294
Total capital assets, not being depreciated	<u>564,354</u>	<u>63,704</u>		<u>628,058</u>
Capital assets, being depreciated:				
Buildings	3,759,170	244,695		4,003,865
Infrastructure	12,917,524			12,917,524
Improvements other than buildings	940,899			940,899
Equipment	1,322,438	56,021	(77,064)	1,301,395
Total capital assets, being depreciated, at historical cost	<u>18,940,031</u>	<u>300,716</u>	<u>(77,064)</u>	<u>19,163,683</u>
Less accumulated depreciation:				
Buildings	(1,192,318)	(97,575)		(1,289,893)
Infrastructure	(3,792,272)	(546,176)		(4,338,448)
Improvements other than buildings	(216,949)	(44,792)		(261,741)
Equipment	(1,027,693)	(76,596)	69,358	(1,034,931)
Total accumulated depreciation	<u>(6,229,232)</u>	<u>(765,139)</u>	<u>69,358</u>	<u>(6,925,013)</u>
Total capital assets, being depreciated, net	<u>12,710,799</u>	<u>(464,423)</u>	<u>(7,706)</u>	<u>12,238,670</u>
Governmental activities capital assets, net	<u>\$ 13,275,153</u>	<u>\$ (400,719)</u>	<u>\$ (7,706)</u>	<u>\$ 12,866,728</u>

Included in current year additions above is \$175,000 of donated assets for a library donated to the City.

(Continued)

City of Springhill  
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Notes to Financial Statements  
June 30, 2021  
(Continued)

	Balance at July 1, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
<b>Business-Type Activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 48,490	\$	\$	\$	\$ 48,490
Construction in progress	830,452	117,171		(384,653)	562,970
Total capital assets, not being depreciated, at historical cost	<u>878,942</u>	<u>117,171</u>		<u>(384,653)</u>	<u>611,460</u>
<b>Capital assets, being depreciated:</b>					
Buildings	2,338,568				2,338,568
Improvements other than buildings	57,997				57,997
Furniture and fixtures	118,322				118,322
Equipment	585,370				585,370
Vehicles	264,056		(24,070)		239,986
Water plant	20,236,910	50,000		384,653	20,671,563
Sewer plant	9,921,068				9,921,068
Total capital assets, being depreciated, at historical cost	<u>33,522,291</u>	<u>50,000</u>	<u>(24,070)</u>	<u>384,653</u>	<u>33,932,874</u>
<b>Less accumulated depreciation:</b>					
Buildings	(1,153,936)	(63,047)			(1,216,983)
Improvements other than buildings	(52,960)	(416)			(53,376)
Furniture and fixtures	(118,322)	(881)			(119,203)
Equipment	(408,252)	(23,011)			(431,263)
Vehicles	(186,331)	(42,718)	24,070		(204,979)
Water plant	(6,983,902)	(766,342)			(7,750,244)
Sewer plant	(5,907,123)	(265,055)			(6,172,178)
Total accumulated depreciation	<u>(14,810,826)</u>	<u>(1,161,470)</u>	<u>24,070</u>		<u>(15,948,226)</u>
Total capital assets, being depreciated, net	<u>18,711,465</u>	<u>(1,111,470)</u>		<u>384,653</u>	<u>17,984,648</u>
Business-type activities capital assets, net	<u>\$ 19,590,407</u>	<u>\$ (994,299)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 18,596,108</u>

Depreciation expense was charged to governmental and business-type activities as follows:

	Governmental Activities	Business-type Activities
General Government	\$ 22,695	\$
Public safety	60,528	
Parks and recreation	90,122	
Streets	428,121	
Airport	158,100	
Maintenance	5,573	
General and administrative		1,488
Community activities		68,392
Water		802,458
Sewer		289,132
Total	<u>\$ 765,139</u>	<u>\$ 1,161,470</u>

(Continued)

City of Springhill  
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Notes to Financial Statements  
June 30, 2021  
(Continued)

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2021 consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 138,972	\$ 160,474	\$ 299,446
Construction payable		11,987	11,987
Compensated absences	10,886	20,200	31,086
Salaries and benefits	37,685	4,928	42,613
Bonds due to city court	<u>9,288</u>	<u>          </u>	<u>9,288</u>
Total – fund statements	196,831	197,589	394,420
Accrued interest	<u>48,198</u>	<u>22,657</u>	<u>70,855</u>
Total –government-wide Statements	<u>\$ 245,029</u>	<u>\$ 220,246</u>	<u>\$ 465,275</u>

(7) Customers' Deposits

Deposits held for customers that are currently active on the water and sewer systems total \$188,622 at June 30, 2021.

(8) Operating Leases

The City leased equipment under operating leases. The rental costs paid on these leases for the year ended June 30, 2021 were \$8,132.

The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 8,112
2023	1,314
2024	<u>1,306</u>
Total	<u>\$ 10,732</u>

(Continued)

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Notes to Financial Statements  
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(9) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Notes from direct placement:					
Sales Tax Revenue Bonds:					
Series 2014	\$ 2,560,000	\$	\$( 140,000)	\$2,420,000	\$ 145,000
Series 2015	1,515,000		( 75,000)	1,440,000	80,000
Series 2016	440,000		( 60,000)	380,000	60,000
Other long-term					
Liabilities –					
Net pension					
liability - MERS	1,406,466	5,053		1,411,519	
Net pension					
liability – MPERS	1,027,946	348,634		1,376,580	
Compensated absences	<u>47,488</u>		<u>( 7,877)</u>	<u>39,611</u>	<u>39,611</u>
	<u>\$ 6,996,900</u>	<u>\$ 353,687</u>	<u>\$( 282,877)</u>	7,067,710	324,611
Less current portion				<u>( 10,886)</u>	<u>( 10,886)</u>
Total long-term liabilities, governmental activities				<u>\$ 7,056,824</u>	<u>\$ 313,725</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type activities:					
Notes from direct placement:					
General Obligation					
Bonds, Series 2015	\$ 58,000	\$	\$( 58,000)	\$	\$
Water Revenue Bonds Series 2012	5,739,435		( 99,424)	5,640,011	102,405
Water Revenue Bonds Series 2016	4,090,000		( 410,000)	3,680,000	420,000
Other long-term liabilities					
Net pension					
Liability-MERS	667,968	2,399		670,367	
Compensated Absences	<u>18,443</u>	<u>1,757</u>		<u>20,200</u>	<u>20,200</u>
	<u>\$10,573,846</u>	<u>\$ 4,156</u>	<u>\$( 567,424)</u>	10,010,578	542,605
Less current portion				<u>( 20,200)</u>	<u>( 20,200)</u>
Total Business-type Activities				<u>\$ 9,990,378</u>	<u>\$ 522,405</u>

Governmental activities sales tax bonds consist of the following issues:

Sales Tax Revenue Bonds:

Series 2014, original amount \$3,200,000 dated August 6, 2014. Due in annual installments of principal and semi-annual installments of interest through August 2034; interest at 2.825%. Payable from sales tax funds.

\$ 2,420,000

Series 2015, original amount \$1,800,000 dated June 25, 2015. Due in annual installments of principal and semi-annual installments of interest through August 2035; interest at 2.705%. Payable from sales tax funds.

\$ 1,440,000

Series 2016, original amount \$600,000 dated June 15, 2016. Due in annual installments of principal and semi-annual installments of interest through August 2026; interest at 2.3701%. Payable from sales tax funds.

\$ 380,000

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Business-type activities general obligation and utility revenue bonds consist of the following issues:

Utility revenue bonds:

Series 2012, original amount \$6,109,000 dated February 2015. Due in annual installments of principal and semi-annual installments of interest through June 2054; interest at 3.0%. Secured by pledge of net revenues of the water system. \$ 5,640,011

Series 2016 original amount 5,495,000 dated November 22, 2016. Due in annual installments of principal and semi annual installments of interest through June 2029; interest at 2.25%-3.125%. Secured by pledge of net revenues of the water system \$ 3,680,000

Payments on sales tax revenue bonds are made from the Sales Tax Bond funds. Sales Tax Revenue Bonds Series 2014, 2015, and 2016 are secured by pledge of one percent sales tax approved by voters on November 16, 1991. Payments on utility revenue bonds and general obligation are made from the Water and Sewer fund. Compensated absences liability will be liquidated through the General fund and Water and sewer fund.

Debt service requirements at June 30, 2021, were as follows:

Governmental Activities – Sales Tax Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 285,000	\$ 112,473
2023	285,000	104,791
2024	300,000	96,912
2025	305,000	88,765
2026	315,000	80,408
2027-2031	1,415,000	282,187
2032-2036	<u>1,335,000</u>	<u>82,867</u>
	<u>\$ 4,240,000</u>	<u>\$ 848,403</u>

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Business-type Activities – Utility Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 522,406	\$ 264,863
2023	535,478	252,341
2024	548,642	239,501
2025	566,901	226,343
2026	580,258	212,748
2027-2031	2,100,280	820,562
2032-2036	730,668	627,362
2037-2041	847,044	510,986
2042-2046	981,956	376,074
2047-2051	1,138,357	219,673
2052-2054	768,021	46,527
	<u>\$ 9,320,011</u>	<u>\$ 3,796,980</u>

(10) Other Postemployment Benefits

The City provides no other postemployment benefits to its employees.

(11) Risk Management

The City purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the previous year.

(12) On-behalf Payments

Public safety employees of the City received a total of \$88,800 in supplemental pay from the State of Louisiana. The City recognizes this supplemental pay received by the employees as revenues and expenditures of the City. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety and ward court expenditures.

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(13) Interfund Balances

Interfund balances at June 30, 2021 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General fund	\$ 37,188	\$( 308)	\$ 36,880
Sales	<u>200,000</u>		<u>200,000</u>
Total Governmental Funds	<u>237,188</u>	<u>( 308)</u>	<u>236,880</u>
Enterprise Funds:			
Major fund			
Water and Sewer		( 233,062)	( 233,062)
Non-major funds	<u>351</u>	<u>( 4,169)</u>	<u>( 3,818)</u>
Total Enterprise Funds	<u>351</u>	<u>( 237,231)</u>	<u>( 236,880)</u>
Total	<u>\$ 237,539</u>	<u>\$( 237,539)</u>	<u>\$</u>

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(14) Interfund Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>	<u>Net</u>
Governmental Funds:			
Major funds:			
General fund	\$ 1,988,334	\$( 60,037)	\$ 1,928,297
Sales tax		( 2,478,190)	( 2,478,190)
Non-major funds	<u>407,856</u>		<u>407,856</u>
Total Governmental Funds	<u>2,396,190</u>	<u>( 2,538,227)</u>	<u>( 142,037)</u>
Enterprise Funds:			
Major funds:			
Water and sewer	60,037		60,037
Non-major funds	<u>100,000</u>	<u>( 18,000)</u>	<u>82,000</u>
	<u>160,037</u>	<u>( 18,000)</u>	<u>142,037</u>
Total	<u>\$ 2,556,227</u>	<u>\$( 2,556,227)</u>	<u>\$</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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(15) Pension Plans

Employees of the City are members of the Municipal Employees Retirement System or Municipal Police Employees Retirement System (police department employees). The following is a description of the plans and benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. Employees of the City are members of Plan A.

**Plan Description**

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.

Retirement Benefits:

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

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
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:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service

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4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. 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/or 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.

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. 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.

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**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:**

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

**Contributions**

Contributions for all members are established by statute. Member contributions are at 9.5% of earnable compensation for Plan A. According to state statute, contribution requirements for all employers are actuarially determined each year. For the plan year ending June 30, 2020, the actual employer contribution rate was 26.00% for Plan A. The City's contributions to the System for the years ended June 30, 2021, 2020, and 2019, were \$248,882, \$255,404, and \$241,448, respectively.

**Non-Employer Contributions**

In accordance with state statute, the System receives 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 totaling \$32,668 are recognized as revenue during the year ended June 30, 2021, and excluded from pension expense.

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

At June 30, 2021, the City reported a liability of \$2,081,886 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the fiscal year ended June 30, 2020, as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2020. The City's proportion as measured at June 30, 2020, was .481538%, which was a decrease of .014897% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the City recognized pension expense of \$272,724, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$1,148.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ 8,026	\$ 3,777
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,682	19,145
Difference between actual contributions and proportionate Share of contributions	1,396	875
<b>Total</b>	<b><u>\$ 50,104</u></b>	<b><u>\$ 23,797</u></b>

	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Changes of assumptions	\$ 23,817	\$ 11,208
Net difference between projected and actual earnings on pension plan investments	141,270	66,480
Changes in proportion and differences between employer contributions and proportionate share of contributions	656	309
Employer contributions subsequent to the measurement Date	<u>168,256</u>	<u>80,627</u>
<b>Total</b>	<b><u>\$ 333,999</u></b>	<b><u>\$ 158,624</u></b>

The City reported a total of \$248,883 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended June 30, 2022.

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

<u>Year</u>	<u>Amount</u>
2022	\$ 46,510
2023	47,944
2024	47,205
2025	<u>28,180</u>
<b>Total</b>	<b><u>\$ 169,839</u></b>

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**Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.95%, decreased from 7.00% in 2019
Inflation Rate	2.5%
Salary increases, including inflation and merit increases:	
1 to 4 years of service	6.4%
More than 4 years of service	4.5%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree table set equal to 120% for males and females with full generational MP2018 scale.
Expected Remaining Service Lives	3 years

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 assumptions used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 1, 2013 to June 30, 2018. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2009 through June 30, 2014. The required Schedules of Employers' Net pension Liability located in the required supplementary information following the notes to the Financial Statements present multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of June 30, 2020 is based on actuarial valuations for the same period, updates using generally accepted actuarial principles.

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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 and an adjustment for the effect of rebalancing/diversification.

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, 2020 are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	.40%
Totals	100%	4.4%
Inflation		2.6%
Expected Arithmetic Nominal Return		7.0%

The discount rate used to measure the total pension liability was 6.95%. 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 participating employers calculated using the discount rate of 6.95%, as well as what the employers' 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, 2020:

	Changes in Discount Rate		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$ 2,708,305	\$ 2,081,886	\$ 1,552,222

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**Changes in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period except as follows:

*Differences between Expected and Actual Experience:*

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Differences between Projected and Actual Investment Earnings:*

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

*Changes of Assumptions:*

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Changes in Proportion:*

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in proportion are presented in the Schedule of Pension Amounts as deferred outflows or deferred inflows as of June 30, 2021.

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

**Pension Plan Fiduciary Net Position**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

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The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.lia.la.gov](http://www.lia.la.gov).

**MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM**

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

**Plan Description**

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.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**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 three and one-third percent 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 forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

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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 three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten 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 regular 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 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

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

**Initial Benefit Option Plan**

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

**Contributions**

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due from employers and employees was 42.25%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.25% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.75% and 7.5%, respectively. The City contributions to the System for the years ended June 30, 2021, 2020, and 2019 were \$161,990, \$133,594, and \$122,866, respectively.

**Non-Employer Contributions**

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 totaling \$32,465 are recognized as revenue during the year ended June 30, 2021, and excluded from pension expense.

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

At June 30, 2021, the City reported a liability of \$1,376,580 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 the employer's contributions to the System during the year ended June 30, 2020, as compared to the total of all employers' contributions to the System for the year ended June 30, 2020. At June 30, 2020, the City's proportion was .148943%, which was a decrease of .035754% from its proportion measured as of June 30, 2019.

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$230,739, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(111).

At June 30, 2021, 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 of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 32,711	\$ 54,222
Changes of assumptions		33,972
Net difference between projected and actual earnings on pension plan investments	165,148	
Changes in proportion and differences between employer contributions and proportionate share of contributions	260,995	110,375
Employer contributions subsequent to the measurement Date	161,990	
Total	<u>\$ 620,844</u>	<u>\$ 198,569</u>

The City reported a total of \$161,990 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended June 30, 2022.

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

<u>Year</u>	<u>Amount</u>
2022	\$ 66,237
2023	62,752
2024	104,571
2025	26,725
Total	<u>\$ 260,285</u>

**Actuarial Methods and Assumptions**

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.950%, net of investment expense, decreased from 7.125% in 2019
Expected Remaining Service Lives	4 years
Inflation Rate	2.5%

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2 above 2	12.3% 4.70%

**Mortality** For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

**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 of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

(Continued)



City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2020 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>
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18%	1.02%
Other	<u>0%</u>	<u>0.00%</u>
Totals	<u>100%</u>	<u>4.64%</u>
Inflation		<u>2.55%</u>
Expected Arithmetic Nominal Return		<u>7.19%</u>

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.95% or one percentage point higher 7.95% than the current rate.

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	<u>5.95%</u>	<u>6.95%</u>	<u>7.95%</u>
Net Pension Liability	\$1,933,949	\$1,376,580	\$ 910,644

**Change in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2021, were recognized in the current reporting period as pension expense except as follows:

**Differences between Expected and Actual Experience:**

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**Differences between Projected and Actual Investment Earnings:**

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

Changes of Assumptions or Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

**Pension Plans Fiduciary Net Positions**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan.

Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov).

(16) Subsequent Events

In August 2021, the City awarded a contract for the sanitary sewer main rehabilitation project in the amount of \$548,608.

Subsequent events have been evaluated through December 29, 2021, the date the financial statements were available to be issued.

(17) Litigation and Claims

At June 30, 2021, the City is involved in several lawsuits. In the opinion of legal counsel for the City, the outcome of the lawsuits is not presently determinable.

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

(18) Fund Balance Classifications

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balance are detailed according to balance classification and fund, as follows:

	<u>Major Funds</u>		<u>Non-major Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Sales Tax</u>	<u>Other Governmental Funds</u>	
Fund balances:				
Nonspendable	\$ 131,606	\$	\$	\$ 131,606
Restricted:				
Debt service			322,884	322,884
Capital improvements		3,629,037		3,629,037
Sewer, water, garbage, public safety, parks & rec		1,183,255		1,183,255
Assigned:				
Property acquisition	135,393			135,393
Building maintenance	202,567			202,567
Airport	13,042			13,042
Health center maintenance	38,692			38,692
Public Safety	150,873			150,873
Other	6,552			6,552
Unassigned	<u>1,139,981</u>			<u>1,139,981</u>
 Total fund balances	 <u>\$1,818,706</u>	 <u>\$ 4,812,292</u>	 <u>\$ 322,884</u>	 <u>\$ 6,953,882</u>

(19) Deferred Inflows and Deferred Outflows of Resources

The Statement of Net Position reports deferred inflows of resources at June 30, 2021, consisting of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension related - MERS	\$ 50,104	\$ 23,797	\$ 73,901
Pension related - MPERS	198,569		198,569
	<u>\$ 248,673</u>	<u>\$ 23,797</u>	<u>\$ 272,470</u>

The Statement of Net Position reports deferred outflows of resources at June 30, 2021, consisting of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Pension related - MERS	\$ 333,999	\$ 158,624	\$ 492,623
Pension related - MPERS	620,844		620,844
	<u>\$ 954,843</u>	<u>\$ 158,624</u>	<u>\$ 1,113,467</u>

Information about each retirement plan is detailed in Note 15.

(Continued)

City of Springhill  
Springhill, Louisiana  
Notes to Financial Statements  
June 30, 2021  
(Continued)

(20) Commitments

The City has signed contracts for waste water improvements, sewer main rehabilitation, a hanger and a recreation complex totaling approximately \$1,028,590. As of June 30, 2021, costs incurred on these contracts totaled approximately \$266,076, with the balances remaining of \$762,514 to be incurred subsequent to June 30, 2021.

(21) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

City of Springhill  
Springhill, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 221,000	\$ 221,000	\$ 234,518	\$ 13,518
Franchise taxes	144,000	144,000	128,975	(15,025)
Other taxes	35,000	4,400	7,460	3,060
Licenses and permits	134,000	132,500	202,785	70,285
Charges for service	290,000	290,000	301,068	11,068
Gaming taxes	295,000	299,000	377,532	78,532
Intergovernmental revenues	250,360	221,315	212,823	(8,492)
Fines and forfeitures	24,000	42,500	31,220	(11,280)
Investment earnings	20,000	3,000	2,501	(499)
Rental of facilities	26,600	25,600	28,009	2,409
Oil and gas	11,000	4,500	9,032	4,532
Miscellaneous	49,885	20,635	145,604	124,969
Total revenues	1,500,845	1,408,450	1,681,527	273,077
<b>Expenditures:</b>				
<b>Current:</b>				
General government	962,272	959,332	877,882	81,450
Public safety	1,331,599	1,419,707	1,402,708	16,999
Parks and recreation	101,500	94,000	104,778	(10,778)
Streets	492,168	506,168	499,317	6,851
Airport	18,350	52,663	59,283	(6,620)
Ward court	210,660	217,710	193,919	23,791
Transportation	49,125	47,325	35,350	11,975
Maintenance	84,800	102,931	88,934	13,997
Driver license bureau	10,400	11,360	6,866	4,494
Capital outlay	169,000	245,421	189,420	56,001
Total expenditures	3,429,874	3,656,617	3,458,457	198,160
Excess (deficiency) of revenues over expenditures	(1,929,029)	(2,248,167)	(1,776,930)	471,237
<b>Other financing sources (uses):</b>				
Transfers in	1,988,334	1,988,334	1,988,334	
Transfers out	(59,305)	(59,305)	(60,037)	(732)
Total other financing sources (uses)	1,929,029	1,929,029	1,928,297	(732)
Excess (deficiency) of revenues and other sources over expenditures and other uses		(319,138)	151,367	470,505
Fund balances at beginning of year	1,416,790	1,667,339	1,667,339	
Fund balances at end of year	\$ 1,416,790	\$ 1,348,201	\$ 1,818,706	\$ 470,505

City of Springhill  
Springhill, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Sales Tax Fund  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
	Original	Final		(Negative)
Revenues:				
Sales tax	\$ 2,350,000	\$ 2,650,000	\$ 2,878,379	\$ 228,379
Investment income	25,000	19,000	19,334	334
Total revenues	<u>2,375,000</u>	<u>2,669,000</u>	<u>2,897,713</u>	<u>228,713</u>
Expenditures:				
Current:				
General government	42,200	41,000	41,419	(419)
Total expenditures	<u>42,200</u>	<u>41,000</u>	<u>41,419</u>	<u>(419)</u>
Excess (deficiency) of revenues over expenditures	2,332,800	2,628,000	2,856,294	228,294
Other financing sources (uses):				
Transfers out	(2,473,190)	(2,473,190)	(2,478,190)	(5,000)
Total other financing sources (uses)	<u>(2,473,190)</u>	<u>(2,473,190)</u>	<u>(2,478,190)</u>	<u>(5,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(140,390)	154,810	378,104	223,294
Fund balances at beginning of year	<u>4,131,149</u>	<u>4,434,189</u>	<u>4,434,188</u>	<u>(1)</u>
Fund balances at end of year	<u>\$ 3,990,759</u>	<u>\$ 4,588,999</u>	<u>\$ 4,812,292</u>	<u>\$ 223,293</u>

City of Springhill  
Springhill, Louisiana  
Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended June 30, 2021

Municipal Police Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.148943%	\$ 1,376,580	\$ 411,058	334.89%	70.94%
2020	0.113189%	1,027,946	380,979	269.82%	71.01%
2019	0.139991%	1,183,492	357,033	331.48%	71.89%
2018	0.119335%	1,041,845	382,649	272.27%	70.08%
2017	0.14636%	1,371,834	409,992	334.60%	66.04%
2016	0.15492%	1,213,621	419,414	289.36%	70.73%
2015	0.19671%	1,230,659	398,211	309.05%	75.10%

Municipal Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.481538%	\$ 2,081,886	\$ 920,374	226.20%	64.52%
2020	0.496435%	2,074,434	928,646	223.38%	64.68%
2019	0.515546%	2,134,710	941,239	226.80%	63.94%
2018	0.529604%	2,215,557	962,808	230.11%	62.49%
2017	0.531228%	2,177,350	948,954	229.45%	62.11%
2016	0.510513%	1,823,632	871,320	209.30%	66.18%
2015	0.504702%	1,295,290	888,763	145.74%	73.99%

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

City of Springhill  
Springhill, Louisiana  
Schedule of Contributions  
June 30, 2021

Municipal Police Employees' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 161,990	\$ 161,990	\$	\$ 479,969	33.75%
2020	133,594	133,594		411,058	32.50%
2019	122,866	122,866		380,979	32.25%
2018	109,788	109,788		357,033	30.75%
2017	121,491	121,491		382,649	31.75%
2016	120,948	120,948		409,992	29.50%
2015	132,115	132,115		419,414	31.50%

Municipal Employees' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 248,882	\$ 248,882	\$	\$ 843,667	29.50%
2020	255,404	255,404		920,374	27.75%
2019	241,448	241,448		928,646	26.00%
2018	232,957	232,957		941,239	24.75%
2017	218,809	218,809		961,798	22.75%
2016	187,418	187,418		948,954	19.75%
2015	172,086	172,086		871,320	19.75%

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



City of Springhill  
Springhill, Louisiana  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2021

	<u>2014 Sales Tax Bonds</u>	<u>2015 Sales Tax Bonds</u>	<u>2016 Sales Tax Bonds</u>	<u>Total</u>
<b>Assets</b>				
Restricted investments	\$ 164,860	\$ 98,093	\$ 59,931	\$ 322,884
<b>Total assets</b>	<u>\$ 164,860</u>	<u>\$ 98,093</u>	<u>\$ 59,931</u>	<u>\$ 322,884</u>
<b>Fund balances:</b>				
Restricted - debt service	\$ 164,860	\$ 98,093	\$ 59,931	\$ 322,884
<b>Total fund balances</b>	<u>\$ 164,860</u>	<u>\$ 98,093</u>	<u>\$ 59,931</u>	<u>\$ 322,884</u>

City of Springhill  
Springhill, Louisiana  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Non-major Governmental Funds  
For the Year Ended June 30, 2021

	2014 Sales Tax Bonds	2015 Sales Tax Bonds	2016 Sales Tax Bonds	Totals
Revenues:				
Investment earnings	\$ 10	\$ 5	\$ 3	\$ 18
Total revenues	<u>10</u>	<u>5</u>	<u>3</u>	<u>18</u>
Expenditures:				
Principal retirement	140,000	75,000	60,000	275,000
Interest and other charges	71,333	41,466	12,217	125,016
Total expenditures	<u>211,333</u>	<u>116,466</u>	<u>72,217</u>	<u>400,016</u>
Excess (deficiency) of revenues over expenditures	(211,323)	(116,461)	(72,214)	(399,998)
Other financing sources (uses):				
Transfers in	<u>204,603</u>	<u>131,628</u>	<u>71,625</u>	<u>407,856</u>
Net change in fund balance	(6,720)	15,167	(589)	7,858
Fund balances at beginning of year	<u>171,580</u>	<u>82,926</u>	<u>60,520</u>	<u>315,026</u>
Fund balances at end of year	<u><u>\$ 164,860</u></u>	<u><u>\$ 98,093</u></u>	<u><u>\$ 59,931</u></u>	<u><u>\$ 322,884</u></u>

City of Springhill  
Springhill, Louisiana  
Combining Schedule of Net Position  
Non-major Enterprise Funds  
June 30, 2021

	Cemetery Fund	Community Activities Fund	Totals
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 312,438	\$ 12,724	\$ 325,162
Restricted investments	16,436		16,436
Accounts receivable	16,534		16,534
Inventories	53,264		53,264
Prepays	792	24,901	25,693
Due from other funds	351		351
Total current assets	<u>399,815</u>	<u>37,625</u>	<u>437,440</u>
Noncurrent assets:			
Capital assets:			
Plant and equipment	63,303	2,653,995	2,717,298
Less: accumulated depreciation	(49,914)	(1,476,046)	(1,525,960)
Total noncurrent assets	<u>13,389</u>	<u>1,177,949</u>	<u>1,191,338</u>
Total assets	<u>413,204</u>	<u>1,215,574</u>	<u>1,628,778</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	42	8,695	8,737
Due to other funds		4,169	4,169
Total current liabilities	<u>42</u>	<u>12,864</u>	<u>12,906</u>
<b>Net position</b>			
Net investment in capital assets	13,389	1,177,949	1,191,338
Unrestricted	399,773	24,761	424,534
Total net position	<u>\$ 413,162</u>	<u>\$ 1,202,710</u>	<u>\$ 1,615,872</u>

City of Springhill  
Springhill, Louisiana  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
Non-major Enterprise Funds  
For the Year Ended June 30, 2021

	Cemetery Fund	Community Activities Fund	Totals
Operating revenues:			
Charges for service -			
Cemetery assessments	\$ 24,980	\$	\$ 24,980
Other charges and fees	2,250		2,250
Rent		42,910	42,910
Sale of cemetery lots	12,925		12,925
Miscellaneous		89	89
Total operating revenues	<u>40,155</u>	<u>42,999</u>	<u>83,154</u>
Operating expenses:			
Cost of sales and service	2,912		2,912
Community activities		109,497	109,497
Cemetery maintenance	7,380		7,380
General and administrative	17,690		17,690
Depreciation	1,488	68,392	69,880
Total operating expenses	<u>29,470</u>	<u>177,889</u>	<u>207,359</u>
Operating income (loss)	<u>10,685</u>	<u>(134,890)</u>	<u>(124,205)</u>
Non-operating revenues (expenses):			
Interest income	482		482
Total non-operating revenues (expenses)	<u>482</u>		<u>482</u>
Change in net position before transfers	11,167	(134,890)	(123,723)
Transfers in		100,000	100,000
Transfers out	(18,000)		(18,000)
Total other financing sources (uses)	<u>(18,000)</u>	<u>100,000</u>	<u>82,000</u>
Change in net position	(6,833)	(34,890)	(41,723)
Net position - beginning of year	<u>419,995</u>	<u>1,237,600</u>	<u>1,657,595</u>
Net position - end of year	<u>\$ 413,162</u>	<u>\$ 1,202,710</u>	<u>\$ 1,615,872</u>

City of Springhill  
Springhill, Louisiana  
Combining Schedule of Net Position  
Water and Sewer Funds  
June 30, 2021

	Water Fund	Sewer Fund	Totals
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 267,058	\$ 80	\$ 267,138
Restricted cash and cash equivalents	112,186		112,186
Investments	1,864,974		1,864,974
Restricted investments	60,000		60,000
Accounts receivable	166,495	224,192	390,687
Prepays	86,703	30,585	117,288
<b>Total current assets</b>	<b>2,557,416</b>	<b>254,857</b>	<b>2,812,273</b>
<b>Noncurrent assets:</b>			
Restricted cash	585,514		585,514
<b>Capital assets:</b>			
Land	26,080	22,410	48,490
Construction in process	375,541	187,429	562,970
Plant and equipment	21,045,330	10,170,246	31,215,576
Less: accumulated depreciation	(8,050,151)	(6,372,115)	(14,422,266)
<b>Total noncurrent assets</b>	<b>13,982,314</b>	<b>4,007,970</b>	<b>17,990,284</b>
<b>Total assets</b>	<b>16,539,730</b>	<b>4,262,827</b>	<b>20,802,557</b>
<b>Deferred Outflows of Resources</b>			
Pension related	134,830	23,794	158,624
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	38,468	150,384	188,852
Due to other funds	138,662	94,400	233,062
<b>Payable from restricted assets:</b>			
Revenue bonds	522,405		522,405
Accrued interest	22,657		22,657
Customer deposits	188,622		188,622
<b>Total current liabilities</b>	<b>910,814</b>	<b>244,784</b>	<b>1,155,598</b>
<b>Non current liabilities:</b>			
Net pension liability	569,812	100,555	670,367
Revenue bonds	8,797,606		8,797,606
<b>Total noncurrent liabilities</b>	<b>9,367,418</b>	<b>100,555</b>	<b>9,467,973</b>
<b>Total liabilities</b>	<b>10,278,232</b>	<b>345,339</b>	<b>10,623,571</b>
<b>Deferred Inflows of Resources</b>			
Pension related	20,227	3,570	23,797
<b>Net position</b>			
Net investment in capital assets	4,134,789	3,949,970	8,084,759
Restricted for debt service	585,514		585,514
Unrestricted	1,655,798	(12,258)	1,643,540
<b>Total net position</b>	<b>\$ 6,376,101</b>	<b>\$ 3,937,712</b>	<b>\$ 10,313,813</b>

City of Springhill  
Springhill, Louisiana  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
Water and Sewer Funds  
For the Year Ended June 30, 2021

	Water Fund	Sewer Fund	Totals
Operating revenues:			
Charges for service -			
Water sales	\$ 1,159,421	\$	\$ 1,159,421
Sewerage service charges		869,873	869,873
Other charges and fees	52,203	4,507	56,710
Total operating revenues	<u>1,211,624</u>	<u>874,380</u>	<u>2,086,004</u>
Operating expenses:			
Water services	771,608		771,608
Sewer services		955,218	955,218
General and administrative	65,645		65,645
Depreciation	802,458	289,132	1,091,590
Total operating expenses	<u>1,639,711</u>	<u>1,244,350</u>	<u>2,884,061</u>
Operating income (loss)	<u>(428,087)</u>	<u>(369,970)</u>	<u>(798,057)</u>
Non-operating revenues (expenses):			
Interest income	3,361		3,361
Interest expense	(276,566)	(842)	(277,408)
Total non-operating revenues (expenses)	<u>(273,205)</u>	<u>(842)</u>	<u>(274,047)</u>
Change in net position before contributions and transfers	(701,292)	(370,812)	(1,072,104)
Capital contributions	50,000	218,244	268,244
Transfers out	14,612	45,425	60,037
Change in net position	<u>(636,680)</u>	<u>(107,143)</u>	<u>(743,823)</u>
Net position - beginning of year	<u>7,012,781</u>	<u>4,044,855</u>	<u>11,057,636</u>
Net position - end of year	<u>\$ 6,376,101</u>	<u>\$ 3,937,712</u>	<u>\$ 10,313,813</u>

City of Springhill  
Springhill, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2021

Mayor - W. Ray Huddleston, Salary	\$ 56,016
Alderman:	
D. Nicole Frazier	9,168
Ronnie Dees	9,924
Ronnie Hearnberger	9,168
Stacey Willard	9,168
Alex Edwards	9,168
	<hr/>
	\$ 102,612
	<hr/> <hr/>

City of Springhill  
Springhill, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2021

Agency Head: W. Ray Huddleston, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 56,016
Benefits - Retirement	16,525
Cell phone	531
Meals	71
Other	30
Vehicle Insurance and maintenance	2,819



City of Springhill  
Springhill, Louisiana  
Other Supplementary Information  
Justice System Funding Schedule  
Collecting/Disbursing Schedule  
As Required by Act 87 of the 2020 Regular Legislative Session  
For the Year Ended June 30, 2021

	July 2020 - December 2020	January 2021 - June 2021
Cash Basis Presentation		
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	<b>8,247</b>	<b>8,247</b>
<b>Add: Collections</b>		
Subtotal Collections	-	-
<b>Less: Disbursements to Governments and Nonprofits</b>		
<b>Less: Amounts Retained by Collecting Agency</b>		
<b>Subtotal Disbursements/Retainage</b>	-	-
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	<b>8,247</b>	<b>8,247</b>
<b>Ending Balance of "Partial Payments" Collected but not Disbursed</b>	-	-

**Other Information:**

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

City of Springhill  
 Springhill, Louisiana  
 Justice System Funding Schedule  
 Receiving Schedule  
 As Required by Act 87 of 2020 Regular Legislative Session  
 For The Year Ended June 30, 2021

	July, 2020 - December, 2020	December, 2020 - June, 2021
Cash Basis Presentation		
Receipts From:		
Springhill City Court - Criminal Court Costs/Fees	\$ 19,359	\$ 14,862
Springhill City Court - Restitution	500	-
Subtotal Receipts	19,859	14,862
Ending Balance of Amounts Assessed but Not Received	-	-

# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditor's Report

The Honorable W. Ray Huddleston, Mayor  
and Members of the City Council  
City of Springhill  
Springhill, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Springhill as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Springhill's basic financial statements, and have issued our report thereon dated December 29, 2021.

### **Internal Control Over Financial Reporting**

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

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

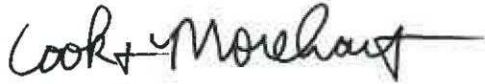
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Springhill'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.



Cook & Morehart  
Certified Public Accountants  
December 29, 2021

City of Springhill  
Springhill, Louisiana  
Summary Schedule of Prior Audit Findings for the Louisiana Legislative Auditor  
June 30, 2021

There were no findings for the prior year audit for the year ended June 30, 2020.

Summary Schedule of Current Year Audit Findings for Louisiana Legislative Auditor  
June 30, 2021

There are no findings for the current year audit for the year ended June 30, 2021.