

City of Louisiana, Missouri

BASIC FINANCIAL STATEMENTS Year Ended May 31, 2019

KPM
CPAS & ADVISORS

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Independent Auditors' Report

Honorable Mayor and City Council
City of Louisiana
Louisiana, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities and each major fund of the City of Louisiana, Missouri, as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities and each major fund of the City of Louisiana, Missouri, as of May 31, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Louisiana, Missouri's basic financial statements. The Other Financial Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Financial 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 Other Financial Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of the City of Louisiana, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Louisiana, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 25, 2019

City of Louisiana

Statement of Net Position – Modified Cash Basis

May 31, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents - unrestricted	\$ 402,804	\$ 33,426	\$ 436,230
Investments - unrestricted	56,290	-	56,290
Restricted cash and cash equivalents	2,784,454	2,117,128	4,901,582
Restricted investments	207,516	-	207,516
Total Assets	<u>\$ 3,451,064</u>	<u>\$ 2,150,554</u>	<u>\$ 5,601,618</u>
Net Position			
Restricted			
Non-expendable	\$ 218,453	\$ -	\$ 218,453
Expendable	2,935,615	2,117,128	5,052,743
Unrestricted	296,996	33,426	330,422
Total Net Position	<u>\$ 3,451,064</u>	<u>\$ 2,150,554</u>	<u>\$ 5,601,618</u>

See accompanying notes to the financial statements.

City of Louisiana

Statement of Activities – Modified Cash Basis

Year Ended May 31, 2019

Functions/Programs	Program Receipts			Net (Disbursements), Receipts and Changes in Net Position			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (347,045)	\$ 60,463	\$ -	\$ -	\$ (286,582)	\$ -	\$ (286,582)
Public safety	(582,849)	61,590	18,750	-	(502,509)	-	(502,509)
Streets	(787,461)	-	-	19,042	(768,419)	-	(768,419)
Grounds	(146,910)	5,720	-	-	(141,190)	-	(141,190)
Fire	(73,560)	2,500	2,560	-	(68,500)	-	(68,500)
License office	(38,170)	32,681	-	-	(5,489)	-	(5,489)
Municipal court	(32,852)	-	-	-	(32,852)	-	(32,852)
Code enforcement	(149,707)	55,453	-	-	(94,254)	-	(94,254)
Economic development	(48,540)	-	-	-	(48,540)	-	(48,540)
Animal control	(52,845)	5,317	2,652	-	(44,876)	-	(44,876)
Health	(6,340)	-	-	-	(6,340)	-	(6,340)
Library	(82,230)	3,388	27,735	5,950	(45,157)	-	(45,157)
Debt service	(241,450)	-	-	-	(241,450)	-	(241,450)
Total Governmental Activities	(2,589,959)	227,112	51,697	24,992	(2,286,158)	-	(2,286,158)
Business-Type Activities							
Water and sewer	(2,910,322)	2,070,817	-	-	-	(839,505)	(839,505)
Total Business-Type Activities	(2,910,322)	2,070,817	-	-	-	(839,505)	(839,505)
Total Government	\$ (5,500,281)	\$ 2,297,929	\$ 51,697	\$ 24,992	(2,286,158)	(839,505)	(3,125,663)
General Receipts and Transfers:							
					324,665	-	324,665
					762,058	-	762,058
					119,727	-	119,727
					134,822	-	134,822
					73,251	-	73,251
					351,409	-	351,409
					44,802	28,664	73,466
					13,164	-	13,164
					51,219	(51,219)	-
					1,875,117	(22,555)	1,852,562
					<i>(411,041)</i>	<i>(862,060)</i>	<i>(1,273,101)</i>
					3,862,105	3,012,614	6,874,719
					\$ 3,451,064	\$ 2,150,554	\$ 5,601,618

See accompanying notes to the financial statements.

City of Louisiana

Statement of Assets and Fund Balances – Governmental Funds – Modified Cash Basis

May 31, 2019

	Special Revenue Funds			Total Governmental Funds
	General Fund	Library Fund	Cemetery Fund	
Assets				
Cash and cash equivalents - unrestricted	\$ 296,996	\$ 99,075	\$ 6,733	\$ 402,804
Investments - unrestricted	-	37,607	18,683	56,290
Restricted cash and cash equivalents	2,773,517	-	10,937	2,784,454
Restricted investments	-	132,516	75,000	207,516
Total Assets	\$ 3,070,513	\$ 269,198	\$ 111,353	\$ 3,451,064
Fund Balances				
Nonspendable:				
Cemetery perpetual care	\$ -	\$ -	\$ 85,937	\$ 85,937
Library trust	-	132,516	-	132,516
Restricted for:				
Police training	6,541	-	-	6,541
Inmate security	2,894	-	-	2,894
Judicial education	1,257	-	-	1,257
Donations	13,178	-	-	13,178
Court bonds	1,553	-	-	1,553
Transportation sales tax	185,355	-	-	185,355
Stormwater sales tax	74,853	-	-	74,853
Lease project funds	2,438,732	-	-	2,438,732
Protested taxes	5,230	-	-	5,230
Dangerous building funds	43,924	-	-	43,924
Cemetery	-	-	25,416	25,416
Library	-	136,682	-	136,682
Unassigned	296,996	-	-	296,996
Total Fund Balances	\$ 3,070,513	\$ 269,198	\$ 111,353	\$ 3,451,064

See accompanying notes to the financial statements.

City of Louisiana

Statement of Receipts, Disbursements and Changes In Fund Balances – Governmental Funds – Modified Cash Basis

Year Ended May 31, 2019

	<u>Special Revenue Funds</u>			Total Governmental Funds
	General Fund	Library Fund	Cemetery Fund	
Receipts				
Taxes	\$ 1,726,816	\$ 39,116	\$ -	\$ 1,765,932
Licenses and permits	66,721	-	-	66,721
Intergovernmental receipts	19,042	5,950	-	24,992
Charges for services	71,368	3,388	-	74,756
Fines and forfeitures	56,577	-	-	56,577
Miscellaneous	108,639	28,940	1,142	138,721
Total Receipts	<u>2,049,163</u>	<u>77,394</u>	<u>1,142</u>	<u>2,127,699</u>
Disbursements				
Current				
Administrative	347,045	-	-	347,045
Public safety	582,849	-	-	582,849
Streets	787,461	-	-	787,461
Grounds	146,910	-	-	146,910
Fire	73,560	-	-	73,560
License office	38,170	-	-	38,170
Municipal court	32,852	-	-	32,852
Code enforcement	149,707	-	-	149,707
Economic development	48,540	-	-	48,540
Animal control	52,845	-	-	52,845
Health	6,340	-	-	6,340
Library	-	82,230	-	82,230
Debt service				
Principal, interest, and fees	241,450	-	-	241,450
Total Disbursements	<u>2,507,729</u>	<u>82,230</u>	<u>-</u>	<u>2,589,959</u>
<i>Excess (Deficit) of Receipts over Disbursements</i>	(458,566)	(4,836)	1,142	(462,260)

See accompanying notes to the financial statements.

City of Louisiana

Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds – Modified Cash Basis
Year Ended May 31, 2019

	<u>Special Revenue Funds</u>			Total Governmental Funds
	General Fund	Library Fund	Cemetery Fund	
Other Financing Sources (Uses)				
Operating transfers in (out)	41,937	14,262	(4,980)	51,219
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(416,629)	9,426	(3,838)	(411,041)
Fund Balance, June 1	3,487,142	259,772	115,191	3,862,105
Fund Balance, May 31	<u>\$ 3,070,513</u>	<u>\$ 269,198</u>	<u>\$ 111,353</u>	<u>\$ 3,451,064</u>

See accompanying notes to the financial statements.

City of Louisiana

Statement of Net Position – Proprietary Fund – Modified Cash Basis

May 31, 2019

	<u>Water and Sewer Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 33,426
Total Current Assets	<u>33,426</u>
Restricted Assets	
Cash and cash equivalents	2,117,128
Total Restricted Assets	<u>2,117,128</u>
Total Assets	<u><u>\$ 2,150,554</u></u>
Net Position	
Restricted	\$ 2,117,128
Unrestricted	33,426
Total Net Position	<u><u>\$ 2,150,554</u></u>

See accompanying notes to the financial statements.

City of Louisiana

Statement of Receipts, Disbursements and Changes in Net Position – Enterprise Fund – Modified Cash Basis

Year Ended May 31, 2019

	Water and Sewer Fund
Operating Receipts	
Charges for services	\$ 2,048,949
Miscellaneous	21,868
Total Operating Receipts	2,070,817
Operating Disbursements	
Salaries and benefits	553,660
Legal and professional	19,271
Purchased services	125,020
Utilities	158,842
Maintenance	178,715
Supplies	98,212
Solid waste	164,304
Insurance	46,698
Miscellaneous	9,019
Total Operating Disbursements	1,353,741
<i>Operating Income</i>	717,076
Nonoperating Receipts (Disbursements)	
Interest income	28,664
Capital outlay	(925,223)
Debt service	
Principal	(432,314)
Interest	(168,397)
Fees	(30,647)
Total Nonoperating Receipts (Disbursements)	(1,527,917)
<i>(Loss) Before Operating Transfers</i>	(810,841)
Operating Transfers (Out)	(51,219)
<i>Net (Loss)</i>	(862,060)
Net Position, June 1	3,012,614
Net Position, May 31	\$ 2,150,554

See accompanying notes to the financial statements.

City of Louisiana

Statement of Cash Flows –Enterprise Fund – Modified Cash Basis

Year Ended May 31, 2019

	Water and Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 2,070,817
Cash paid to employees	(553,660)
Cash paid to suppliers	(800,081)
Net Cash Provided by Operating Activities	717,076
Cash flows from Noncapital Financing Activities	
Transfers (to) other funds	(51,219)
Net Cash (Used) by Noncapital Financing Activities	(51,219)
Cash Flows from Capital and Related Financing Activities	
Purchase of fixed assets	(925,223)
Payment of bond principal	(432,314)
Payment of interest expense	(168,397)
Payment of debt service fees	(30,647)
Net Cash (Used) by Capital and Related Financing Activities	(1,556,581)
Cash Flows from Investing Activities	
Interest received on investments	28,664
Net Cash Provided by Investing Activities	28,664
<i>Net Decrease in Cash and Cash Equivalents</i>	(862,060)
Cash and Cash Equivalents, Beginning of year	3,012,614
Cash and Cash Equivalents, End of year	2,150,554
Less Restricted Cash and Cash Equivalents	(2,117,128)
Unrestricted Cash and Cash Equivalents	\$ 33,426
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 717,076
Adjustments to reconcile operating income to net cash provided by operating activities:	-
Net Cash Provided by Operating Activities	\$ 717,076

See accompanying notes to the financial statements.

City of Louisiana

Statement of Net Position – Fiduciary Fund – Modified Cash Basis

May 31, 2019

	Louisiana Municipal Corporation
Assets	
Cash and cash equivalents	\$ 31,965
Total Assets	<u>\$ 31,965</u>
Net Position	
Held for Louisiana Municipal Corporation	\$ 31,965
Total Net Position	<u>\$ 31,965</u>

See accompanying notes to the financial statements.

City of Louisiana

Statement of Changes in Fiduciary Net Position – Modified Cash Basis

Year Ended May 31, 2019

	Louisiana Municipal Corporation
Additions	
Donations	\$ 30,655
Deductions	
Economic development	<u>57,017</u>
<i>Change in Net Position</i>	(26,362)
Net Position, June 1	<u>58,327</u>
Net Position, May 31	<u><u>\$ 31,965</u></u>

See accompanying notes to the financial statements.

City of Louisiana

Notes to the Financial Statements

May 31, 2019

1. Summary of Significant Accounting Policies

The City of Louisiana, Missouri, (the City) was incorporated in 1848 under the provisions of the State of Missouri. The City operates under a City Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water and sewer and solid waste operations.

The accounting policies of the City conform to the modified cash basis of accounting, which is basis of accounting other than accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not financially accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of Louisiana, Missouri, is a primary government, which is governed by an elected City Council. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that the entity described in the following paragraph meets the above criteria and therefore, has been included as a component unit in the City's basic financial statements.

Component Unit

The Louisiana Municipal Corporation (LMC) is a not-for-profit corporation organized for the purpose of promoting economic development for the City of Louisiana, Missouri. The LMC's Board of Directors consists of eight persons. Each person sworn into office as a City of Louisiana Council Member shall also be a member of the Board during the entirety of such person's term of public office. Officers of the LMC are as follows: Mayor, Chief Operating Officer; City Administrator, Assistant Operating Officer; City Clerk, Secretary; City Treasurer, Treasurer. The City provides the LMC with financial and administrative support. The financial statements of the component unit have been included in the financial reporting entity as a fiduciary fund.

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balance, receipts, and disbursements when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

City of Louisiana

Notes to the Financial Statements

May 31, 2019

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials and proprietary funds would be presented on the accrual basis of accounting.

Basis of Presentation

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the modified cash basis of accounting.

The government-wide Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the City's governmental and business-type activities. Direct disbursements are those that are specifically associated with a program or a function. Program receipts include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital disbursements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental, proprietary and fiduciary funds. The emphasis of fund financial statements is on major governmental, enterprise and fiduciary funds, each displayed in a separate column.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Cemetery Fund: The Cemetery Fund of the City is used to account for resources restricted, committed or assigned for operations of City cemeteries.

Library Fund: The Library Fund of the City is used to account for resources restricted, committed or assigned for operations of the City library.

City of Louisiana

Notes to the Financial Statements

May 31, 2019

The City reports the following major proprietary fund:

Water and Sewer Fund: The Water and Sewer Fund accounts for the activities and capital improvements of the City's water, sewer and solid waste operations.

The City reports the following fund type:

Fiduciary Fund: Accounts for monies held in a trustee capacity restricted for the Louisiana Municipal Corporation.

Capital Outlay

Capital outlay is recorded as a disbursement at the time the goods received are paid for.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all accounts subject to withdrawal by check or on demand to be cash equivalents.

Debt

Debt arising from cash transactions is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. Debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the City's taxpayers are reported as program receipts. These include 1) charges for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general. All taxes are classified as general receipts, even if restricted for a specific purpose.

Net Position

In the government-wide financial statements, net position is classified in two components as follows:

Restricted: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted.

When a disbursement is made for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

City of Louisiana

Notes to the Financial Statements

May 31, 2019

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds are those that result from providing services and producing and delivering goods and services. All other receipts and disbursements are considered nonoperating.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of May 31, 2019, all bank balances on deposit are insured or collateralized.

3. Investments

Investments of the City as of May 31, 2019, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	7/24/2019 - 4/6/2020	\$ 263,806

City of Louisiana

Notes to the Financial Statements

May 31, 2019

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of May 31, 2019, all certificates of deposit are entirely insured or collateralized with securities.

The City does not have a policy on interest rate risk.

4. Restricted Assets

Cash and investments, fund balance and net position have been restricted as follows:

	Restricted Cash and Investments	Restricted Fund Balance/ Net Position
General Fund		
Police training	\$ 6,541	\$ 6,541
Inmate security	2,894	2,894
Judicial education	1,257	1,257
Donations	13,178	13,178
Court bonds	1,553	1,553
Transportation sales tax	185,355	185,355
Stormwater sales tax	74,853	74,853
Dangerous building funds	43,924	43,924
Protested taxes	5,230	5,230
2018 Certificate of Participation Project Funds	2,438,732	2,438,732
	\$ 2,773,517	\$ 2,773,517
Library Fund		
Nonspendable:		
Library trust	\$ 132,516	\$ 132,516
Restricted:		
Library	-	136,682
	\$ 132,516	\$ 269,198
Cemetery Fund		
Nonspendable:		
Cemetery perpetual care	\$ 85,937	\$ 85,937
Restricted:		
Cemetery	-	25,416
	\$ 85,937	\$ 111,353

City of Louisiana

Notes to the Financial Statements

May 31, 2019

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Net Position</u>
Water and Sewer Fund		
Sewer Department		
2012 Revenue Bonds		
Principal and interest	\$ 84,177	\$ 84,177
Depreciation and replacement	211,253	211,253
Operation and maintenance	11,692	11,692
Debt service reserve	436,695	436,695
2016 Certificates of Participation		
Project fund	41,872	41,872
Debt service reserve	35,189	35,189
2018 Certificates of Participation		
Project fund	90,093	90,093
Debt service reserve	40,387	40,387
	951,358	951,358
Water Department		
2015 Certificates of Participation		
Debt service reserve	55,052	55,052
2018 Certificates of Participation		
Project fund	781,726	781,726
Debt service reserve	38,955	38,955
Capital improvements	88,886	88,886
Customer Deposits	201,151	201,151
	1,165,770	1,165,770
	\$ 2,117,128	\$ 2,117,128

City of Louisiana

Notes to the Financial Statements

May 31, 2019

5. Long-Term Debt – Governmental Activities

Long-term debt of the governmental activities consists of seven capital leases, and the Series 2018 Certificates of Participation.

Capital Lease Obligations

In October 2015, the City entered into a lease obligation to purchase a grader. The lease requires annual payments of \$3,822 through 2023; with interest at 2.75%.

In February 2016, the City entered into a lease obligation to purchase a police car. The lease requires annual payments of \$5,276 through 2020; with interest at 2.75%.

In June 2016, the City entered into a lease obligation to purchase a street sweeper in the amount of \$40,010. The lease requires annual payments of \$8,684 through 2022; with interest at 2.75%.

In November 2016, the City entered into a lease obligation to finance vehicle repairs in the amount of \$20,704. The lease requires annual payments of \$5,483 through 2021 with interest at 2.75%.

In June 2017, the City entered into a lease obligation to purchase a police car. The lease requires annual payments of \$2,479 through 2020; with interest at 3.00%.

In December 2017, the City entered into a lease obligation to purchase a fire breathing air compressor. The lease requires annual payments of \$7,189 through 2022; with interest at 3.00%.

In March 2018, the City entered into a lease obligation to purchase fire bunker gear. The lease requires annual payments of \$8,710 through 2023; with interest at 3.50%.

The following is a schedule of the future minimum lease payments under the lease agreements (assuming noncancellation):

Year Ending	2016	Street	Vehicle	2017	Fire	Fire		
May 31,	Grader	Police Car	Sweeper	Repairs	Police Car	Equipment	Bunker Gear	Total
	Lease	Lease	Lease	Lease	Lease	Lease	Lease	
2020	\$ 3,822	\$ 2,576	\$ 8,684	\$ 5,483	\$ 2,479	\$ 7,189	\$ 8,710	\$ 38,943
2021	3,822	-	8,684	5,483	-	7,189	8,710	33,888
2022	3,822	-	8,684	-	-	7,189	8,710	28,405
2023	3,822	-	-	-	-	-	8,710	12,532
Total Minimum Lease Payments	15,288	2,576	26,052	10,966	2,479	21,567	34,840	113,768
Less Amount Representing Interest	(1,012)	(259)	(1,389)	(479)	(73)	(1,250)	(2,887)	(7,349)
Principal Balance, May 31, 2019	<u>\$ 14,276</u>	<u>\$ 2,317</u>	<u>\$ 24,663</u>	<u>\$ 10,487</u>	<u>\$ 2,406</u>	<u>\$ 20,317</u>	<u>\$ 31,953</u>	<u>\$ 106,419</u>

City of Louisiana

Notes to the Financial Statements

May 31, 2019

2018 Certificates of Participation

On February 21, 2018, the City issued \$4,523,318 in Series 2018 Certificates of Participation for sewer, storm water, waterworks system and street, sidewalk, and lighting improvements. \$2,789,647 of the certificates was recorded as long-term debt within the governmental activities and \$1,733,671 was recorded as long-term debt within the business-type activities. The 2018 certificates bear interest at 4.52% with principal and interest payments due July 1 and January 1 of each year. The certificates maturing on or after July 1, 2027, may be called for redemption on or after July 1, 2027, under provisions outlined in the ordinance. The payment schedule for this debt issuance has been presented as a component of Note 6.

The following table is a summary of the changes in the Long-Term Debt – Governmental Activities:

	Balance May 31, 2018	New Obligations	Retirements	Balance May 31, 2019
Capital Leases				
Grader Lease	\$ 17,608	\$ -	\$ 3,332	\$ 14,276
2016 Police Car Lease	7,593	-	5,276	2,317
Street Sweeper Lease	32,442	-	7,779	24,663
Vehicle Repairs Lease	15,534	-	5,047	10,487
2017 Police Car Lease	4,741	-	2,335	2,406
Fire Equipment Lease	26,905	-	6,588	20,317
Fire Bunker Gear Lease	39,270	-	7,317	31,953
2018 Certificates of Participation	2,789,647	-	93,574	2,696,073
	<u>\$ 2,933,740</u>	<u>\$ -</u>	<u>\$ 131,248</u>	<u>\$ 2,802,492</u>

City of Louisiana

Notes to the Financial Statements

May 31, 2019

6. Long-Term Debt – Business Type Activities

Long-term debt in the Water and Sewer Fund consists of the Series 2012 Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), 2015, 2016, and 2018 Certificates of Participation, and two capital leases.

2012 Sewerage System Revenue Bonds

In August 2012, the City entered into an agreement with the State of Missouri to issue \$5,956,950 in Sewerage System Revenue Bonds Series 2012. The bonds bear interest at 1.33%. Principal and interest payments are due semi-annually on January 1 and July 1 each year. The bonds also require a semi-annual administrative fee of 0.50% of the outstanding principal balance of the bonds as of the business day preceding each principal payment due.

The annual debt service requirements to amortize the principal on the bonds outstanding at May 31, 2019, are listed in the following tables:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>
2020	\$ 274,800	\$ 61,278	\$ 46,074	\$ 382,152
2021	280,800	57,604	43,311	381,715
2022	286,800	53,849	40,488	381,137
2023	294,800	50,008	37,600	382,408
2024	300,800	46,067	34,637	381,504
2025	308,800	42,040	31,609	382,449
2026	314,700	37,913	28,505	381,118
2027	322,600	33,702	25,339	381,641
2028	330,600	29,384	22,094	382,078
2029	338,600	24,961	18,767	382,328
2030	346,600	20,431	15,361	382,392
2031	354,600	15,794	11,876	382,270
2032	362,500	11,052	8,310	381,862
2033	370,400	6,204	4,665	381,269
2034	188,200	1,252	941	190,393
	<u>\$ 4,675,600</u>	<u>\$ 491,539</u>	<u>\$ 369,577</u>	<u>\$ 5,536,716</u>

2015 Certificates of Participation

On July 1, 2015, the City issued \$680,400 in Certificates of Participation for the purpose of acquiring, constructing, and installing certain improvements to the City's combined waterworks and sewerage system. The certificates bear interest at 3.79% with principal and interest payments due on January 1 and July 1 each year.

City of Louisiana

Notes to the Financial Statements

May 31, 2019

The Certificates of Participation outstanding at May 31, 2019, are due as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 41,400	\$ 21,730	\$ 63,130
2021	43,000	20,146	63,146
2022	44,600	18,501	63,101
2023	46,300	16,795	63,095
2024	48,000	15,024	63,024
2025	49,900	13,187	63,087
2026	51,800	11,277	63,077
2027	53,700	9,297	62,997
2028	55,800	7,243	63,043
2029	58,000	5,107	63,107
2030	60,200	2,888	63,088
2031	30,900	586	31,486
	<u>\$ 583,600</u>	<u>\$ 141,781</u>	<u>\$ 725,381</u>

2016 Certificates of Participation

On April 20, 2016, the City issued \$400,000 in Certificates of Participation for the purpose of acquiring, constructing, and installing certain improvements to the City's combined waterworks and sewerage system. The certificates bear interest at 3.05% with principal and interest payments due on January 1 and July 1 each year.

The Certificates of Participation outstanding at May 31, 2019, are due as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 36,700	\$ 9,010	\$ 45,710
2021	37,900	7,881	45,781
2022	39,000	6,716	45,716
2023	40,200	5,519	45,719
2024	41,500	4,282	45,782
2025	42,700	3,007	45,707
2026	44,000	1,696	45,696
2027	22,500	343	22,843
	<u>\$ 304,500</u>	<u>\$ 38,454</u>	<u>\$ 342,954</u>

City of Louisiana

Notes to the Financial Statements

May 31, 2019

2018 Certificates of Participation

On February 21, 2018, the City issued \$4,523,318 in Series 2018 Certificates of Participation for sewer, storm water, waterworks system and street, sidewalk, and lighting improvements. \$2,789,647 of the certificates was recorded as long-term debt within the governmental activities and \$1,733,671 was recorded as long-term debt within the business-type activities. The 2018 certificates bear interest at 4.52% with principal and interest payments due July 1 and January 1 of each year. The certificates maturing on or after July 1, 2027, may be called for redemption on or after July 1, 2027, under provisions outlined in the ordinance. The certificates outstanding at May 31, 2019, are due as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 183,453	\$ 195,546	\$ 378,999
2021	191,840	187,160	379,000
2022	200,607	178,391	378,998
2023	209,778	169,221	378,999
2024	219,365	159,632	378,997
2025	229,395	149,605	379,000
2026	239,881	139,119	379,000
2027	250,845	128,155	379,000
2028	262,313	116,687	379,000
2029	274,301	104,697	378,998
2030	286,840	92,158	378,998
2031	299,954	79,047	379,001
2032	313,662	65,336	378,998
2033	328,001	50,998	378,999
2034	189,224	37,723	226,947
2035	197,873	29,073	226,946
2036	206,918	20,028	226,946
2037	140,460	11,418	151,878
2038	146,881	4,998	151,879
	<u>\$ 4,371,591</u>	<u>\$ 1,918,992</u>	<u>\$ 6,290,583</u>

Amount recorded in:

Governmental Activities	\$ 2,696,073
Business-Type Activities	1,675,518
	<u>\$ 4,371,591</u>

City of Louisiana

Notes to the Financial Statements

May 31, 2019

Backhoe Lease

On July 29, 2014, the City entered into a lease agreement to finance the purchase of a backhoe. The agreement requires annual lease payments of \$17,761 with interest at 4.00%.

The following is a schedule of future minimum lease payments under the lease agreement (assuming noncancellation):

Year Ending May 31,	Principal	Interest	Total
2020	\$ 17,645	\$ 116	\$ 17,761

Dump Truck Lease

In November 2016, the City entered into a lease obligation to purchase a dump truck in the amount of \$62,260. The lease requires annual payments of \$16,448 with interest at 2.75%.

Year Ending May 31,	Principal	Interest	Total
2020	\$ 15,568	\$ 880	\$ 16,448
2021	16,039	409	16,448
	\$ 31,607	\$ 1,289	\$ 32,896

The following table is a summary of the changes in the business-type activities long-term debt for the year ended May 31, 2019:

	Balance May 31, 2018	New Obligations	Retirements	Balance May 31, 2019
Bonds				
Series 2012 Revenue Bonds	\$ 4,943,400	\$ -	\$ 267,800	\$ 4,675,600
Capital Leases				
2015 Certificates of Participation	623,400	-	39,800	583,600
2016 Certificates of Participation	340,100	-	35,600	304,500
2018 Certificates of Participation	1,733,671	-	58,153	1,675,518
Backhoe Lease	33,464	-	15,819	17,645
Dump Truck Lease	46,749	-	15,142	31,607
	2,777,384	-	164,514	2,612,870
	\$ 7,720,784	\$ -	\$ 432,314	\$ 7,288,470

City of Louisiana

Notes to the Financial Statements

May 31, 2019

7. Employee Pension Plan

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755.

As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2018 Valuation</u>
Benefit Multiplier	1.25% for life
Final Average Salary	5 years
Member Contributions	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms. At June 30, 2018, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	22	17	1	40
Inactive employees entitled to but not yet receiving benefits	12	13	0	25
Active employees	25	4	0	29
	<u>59</u>	<u>34</u>	<u>1</u>	<u>94</u>

City of Louisiana

Notes to the Financial Statements

May 31, 2019

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 4.2% (General), 0.5% (Police), and 4.4% (Fire) of annual covered payroll.

During the year ended May 31, 2019, the City made contributions of \$36,042.

8. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

	2018
Assessed Valuation	
Real estate	\$ 24,554,360
Personal property	8,959,060
	\$ 33,513,420
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.7300
Library Fund	.1000
	\$.8300

The legal debt margin at May 31, 2019, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 3,351,342	\$ 3,351,342	\$ 6,702,684
General Obligation Bonds payable	-	-	-
Legal Debt Margin	\$ 3,351,342	\$ 3,351,342	\$ 6,702,684

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

City of Louisiana

Notes to the Financial Statements

May 31, 2019

9. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

10. Interfund Transfers

Interfund transfers for the year ended May 31, 2019, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 41,937	\$ -
Library Fund	14,262	-
Cemetery Fund	-	4,980
Water and Sewer Fund	-	51,219
	\$ 56,199	\$ 56,199

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Fund and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

11. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of May 31, 2019, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

12. Pledged Revenues

The City has pledged future sewer customer receipts to repay the 2012 Series Sewerage System Revenue Bonds issued to improve and expand the sewer system. The Series 2012 Bonds are payable solely from sewer customer net receipts and are payable through 2034. The total principal and interest remaining to be paid on the bonds is \$5,167,139. Principal and interest paid for the current year and total customer net receipts were \$332,660 and \$433,647, respectively.

13. Internal Balances

	General Fund	Water and Sewer Fund
Internal balances	\$ 278,626	\$ (278,626)

City of Louisiana

Notes to the Financial Statements

May 31, 2019

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. Due to the modified cash basis of accounting, these transactions are considered transfers in the year incurred, though the City has intentions of repaying the interfund loans from prior years.

The City passed a resolution approving the interfund loan repayment as follows:

Year Ending May 31,	Amount
2020	\$ 36,000
2021	36,000
2022	36,000
2023	36,000
2024	36,000
2025	36,000
2026	36,000
2027	26,626
	<u>\$ 278,626</u>

14. Commitment

At May 31, 2019, the City was committed to Poepping, Stone, Bach and Associates, Inc. in the amount of \$469,257 for Georgia Street Improvements and Chester Bross Construction Company in the amount of \$20,000 for miscellaneous roadway improvements.

15. Subsequent Events

On June 27, 2019, the City entered into a lease-purchase agreement with John Deere Financial to lease-purchase a track loader in the amount of \$30,499 with interest at 5.25%.

On July 15, 2019, the City entered into a lease-purchase agreement with the Bank of Louisiana to lease-purchase a fire truck in the amount of \$20,003 with interest at 4.25%.

Supplementary Information

City of Louisiana

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended May 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Receipts				
Taxes				
Ad valorem taxes	\$ 233,160	\$ 233,160	\$ 244,207	\$ 11,047
City sales tax	843,750	843,750	762,058	(81,692)
Motor vehicle taxes	137,286	137,286	134,822	(2,464)
Financial institution tax	8,000	8,000	5,422	(2,578)
Railroad and utility tax	45,000	45,000	41,343	(3,657)
Surtax	8,230	8,230	9,138	908
Utility franchise tax	380,500	380,500	351,408	(29,092)
Use taxes	112,000	112,000	119,727	7,727
Lodging tax	12,800	12,800	12,637	(163)
Cigarette tax	51,000	51,000	46,054	(4,946)
	<u>1,831,726</u>	<u>1,831,726</u>	<u>1,726,816</u>	<u>(104,910)</u>
Licenses and Permits				
Occupational licenses	13,700	13,700	13,740	40
Building permits	19,700	19,700	47,862	28,162
Animal license and fees	5,515	5,515	5,119	(396)
	<u>38,915</u>	<u>38,915</u>	<u>66,721</u>	<u>27,806</u>
Intergovernmental Receipts				
Federal grants	-	-	19,042	19,042
Charges for Services				
License office	34,140	34,140	32,681	(1,459)
Emergency 911 fees	25,000	25,000	18,750	(6,250)
Park	1,650	1,650	1,300	(350)
Cemetery	1,380	1,380	4,420	3,040
Other	24,260	24,260	14,217	(10,043)
	<u>86,430</u>	<u>86,430</u>	<u>71,368</u>	<u>(15,062)</u>
Fines and Forfeitures				
City court fines	103,040	103,040	56,577	(46,463)
Miscellaneous				
Rents and royalties	44,400	44,400	46,723	2,323
Interest	2,412	2,412	42,456	40,044
Donations	4,280	4,280	6,868	2,588
Other	12,745	12,745	12,592	(153)
	<u>63,837</u>	<u>63,837</u>	<u>108,639</u>	<u>44,802</u>
Total Receipts	<u>2,123,948</u>	<u>2,123,948</u>	<u>2,049,163</u>	<u>(74,785)</u>

City of Louisiana

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Disbursements				
Current				
Administrative	328,343	328,343	347,045	(18,702)
Public safety	654,544	654,544	582,849	71,695
Streets	417,062	745,966	787,461	(41,495)
Grounds	164,590	164,590	146,910	17,680
Fire	64,017	64,017	73,560	(9,543)
License office	38,005	38,005	38,170	(165)
Municipal court	56,069	56,069	32,852	23,217
Code enforcement	60,951	149,702	149,707	(5)
Economic development	62,798	62,798	48,540	14,258
Animal control	48,943	48,943	52,845	(3,902)
Health	5,723	5,723	6,340	(617)
Debt service				
Principal, interest, and fees	238,490	238,490	241,450	(2,960)
Total Disbursements	2,139,535	2,557,190	2,507,729	49,461
<i>(Deficit) of Receipts over Disbursements</i>	(15,587)	(433,242)	(458,566)	(25,324)
Other Financing Sources				
Operating transfers in	36,229	36,229	41,937	5,708
Total Other Financing Sources	36,229	36,229	41,937	5,708
<i>Excess (Deficit) of Receipts and Other Sources over Disbursements</i>	20,642	(397,013)	(416,629)	(19,616)
Fund Balance, June 1	3,487,142	3,487,142	3,487,142	-
Fund Balance, May 31	\$ 3,507,784	\$ 3,090,129	\$ 3,070,513	\$ (19,616)

City of Louisiana

Budgetary Comparison Schedule – Library Fund – Modified Cash Basis

Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Receipts				
Taxes				
Ad valorem taxes and penalties	\$ 30,160	\$ 33,452	\$ 33,452	\$ -
Railroad and utility tax	6,100	5,664	5,664	-
	36,260	39,116	39,116	-
Intergovernmental Receipts				
Federal grants	-	5,950	5,950	-
Charges for Services				
Fines, fees and memberships	3,380	3,388	3,388	-
Miscellaneous				
Donations	2,100	27,735	27,735	-
Interest	475	1,205	1,205	-
	2,575	28,940	28,940	-
Total Receipts	42,215	77,394	77,394	-
Disbursements				
Current				
Library	61,660	82,230	82,230	-
Total Disbursements	61,660	82,230	82,230	-
<i>(Deficit) of Receipts Over Disbursements</i>	(19,445)	(4,836)	(4,836)	-
Other Financing Sources				
Operating transfers in	-	-	14,262	14,262
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(19,445)	(4,836)	9,426	14,262
Fund Balance, June 1	259,772	259,772	259,772	-
Fund Balance, May 31	\$ 240,327	\$ 254,936	\$ 269,198	\$ 14,262

City of Louisiana

Budgetary Comparison Schedule – Cemetery Fund – Modified Cash Basis

Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Receipts				
Interest	\$ -	\$ -	\$ 1,142	\$ 1,142
Total Receipts	-	-	1,142	1,142
Disbursements				
Current				
Cemetery	-	-	-	-
Total Disbursements	-	-	-	-
<i>Excess of Receipts over Disbursements</i>	-	-	1,142	1,142
Other Financing Sources				
Operating transfers out	-	-	(4,980)	(4,980)
<i>(Deficit) of Receipts over Disbursements and Other Uses</i>	-	-	(3,838)	(3,838)
Fund Balance, June 1	115,191	115,191	115,191	-
Fund Balance, May 31	\$ 115,191	\$ 115,191	\$ 111,353	\$ (3,838)

City of Louisiana

Note to the Budgetary Comparison Schedules

Year Ended May 31, 2019

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to June, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following June 1. The operating budget includes proposed disbursement plans for all fund types and the proposed means of financing them.

One public hearing is conducted by the City Council in late April or early May to obtain taxpayers' comments on the proposed budget and tax levy.

Prior to June 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.

The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.

Formal budgetary integration is employed as a management control device for all funds of the City.

Budgets for the General and Special Revenue Funds are adopted on a basis consistent with the modified cash basis. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.

Other Financial Information

City of Louisiana

Departmental Statement of Net Position – Enterprise Fund – Modified Cash Basis

May 31, 2019

	Enterprise Fund			Total
	Water Department	Sewer Department	Solid Waste Department	
Assets				
Current Assets				
Cash and cash equivalents	\$ 29,101	\$ 4,325	\$ -	\$ 33,426
Total Current Assets	29,101	4,325	-	33,426
Restricted Assets				
Cash and cash equivalents	1,165,770	951,358	-	2,117,128
Total Restricted Assets	1,165,770	951,358	-	2,117,128
Total Assets	\$ 1,194,871	\$ 955,683	\$ -	\$ 2,150,554
Net Position				
Restricted	\$ 1,165,770	\$ 951,358	\$ -	\$ 2,117,128
Unrestricted	29,101	4,325	-	33,426
Total Net Position	\$ 1,194,871	\$ 955,683	\$ -	\$ 2,150,554

City of Louisiana

Departmental Statement of Receipts, Disbursements and Changes in Net Position – Enterprise Fund – Modified Cash Basis

Year Ended May 31, 2019

	Enterprise Fund			
	Water Department	Sewer Department	Solid Waste Department	Total
Operating Receipts				
Charges for services	\$ 956,876	\$ 918,636	\$ 173,437	\$ 2,048,949
Miscellaneous	10,934	10,934	-	21,868
Total Operating Receipts	<u>967,810</u>	<u>929,570</u>	<u>173,437</u>	<u>2,070,817</u>
Operating Disbursements				
Salaries and benefits	313,381	240,279	-	553,660
Legal and professional	9,031	10,240	-	19,271
Purchased services	63,939	61,081	-	125,020
Utilities	91,656	67,186	-	158,842
Maintenance	139,839	38,876	-	178,715
Supplies	45,254	52,958	-	98,212
Solid waste	-	-	164,304	164,304
Insurance	23,349	23,349	-	46,698
Miscellaneous	7,065	1,954	-	9,019
Total Operating Disbursements	<u>693,514</u>	<u>495,923</u>	<u>164,304</u>	<u>1,353,741</u>
<i>Operating Income</i>	274,296	433,647	9,133	717,076
Nonoperating Receipts (Disbursements)				
Interest income	13,967	14,697	-	28,664
Capital outlay	(207,220)	(718,003)	-	(925,223)
Debt service				
Principal	(85,918)	(346,396)	-	(432,314)
Interest	(60,138)	(108,259)	-	(168,397)
Fees	(3,782)	(26,865)	-	(30,647)
Total Nonoperating Receipts (Disbursements)	<u>(343,091)</u>	<u>(1,184,826)</u>	<u>-</u>	<u>(1,527,917)</u>
<i>Income (Loss) Before Operating Transfers</i>	(68,795)	(751,179)	9,133	(810,841)
Operating Transfers (Out)	(21,043)	(21,043)	(9,133)	(51,219)
<i>Net Income (Loss)</i>	(89,838)	(772,222)	-	(862,060)
Net Position, June 1	1,284,709	1,727,905	-	3,012,614
Net Position, May 31	<u><u>\$ 1,194,871</u></u>	<u><u>\$ 955,683</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,150,554</u></u>

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Louisiana
Louisiana, Missouri

We have audited, 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, the financial statements of the governmental activities, business-type activities and each major fund of the City of Louisiana, Missouri, as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Louisiana, Missouri's basic financial statements, and have issued our report thereon, dated November 25, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be a material weakness. It is identified as item 2019-001.

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Compliance and Other Matters

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

City of Louisiana, Missouri's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Louisiana, Missouri'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 City of Louisiana, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 25, 2019

City of Louisiana

Schedule of Findings and Responses

Year Ended May 31, 2019

Material Weakness

2019-001 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The City will assign or reassign duties as necessary to achieve an adequate segregation of duties.