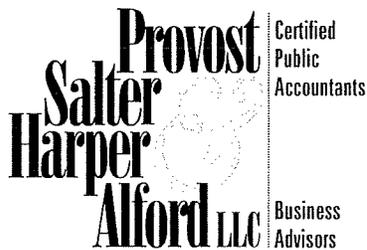


**CITY OF PORT ALLEN,  
LOUISIANA**

**FINANCIAL REPORT**

**June 30, 2022**



8550 United Plaza Boulevard, Suite 600, Baton Rouge, Louisiana 70809, Phone: (225) 924-1772 / Facsimile: (225) 927-9075

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# CITY OF PORT ALLEN, LOUISIANA

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*June 30, 2022*

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# CITY OF PORT ALLEN, LOUISIANA

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*June 30, 2022*

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## **COMPLIANCE MATTERS AND INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Port Allen, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund, of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Port Allen, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund, of the City of Port Allen, Louisiana as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Port Allen, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

City of Port Allen, Louisiana's 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Port Allen, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Port Allen, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Port Allen, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-16 and budgetary comparison information, the schedule of changes in net OPEB liability and related ratios, the schedule of employer's proportionate share of the net pension liability, and the schedule of employer's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Port Allen, Louisiana's basic financial statements. The schedule of compensation paid to city council, schedule of compensation paid to mayor, and the justice system funding schedule – receiving entity on Schedules 6-8 are presented to comply with the requirements issued by the State of Louisiana, and are not a required part of the basic financial statements.

The schedule of compensation paid to city council, schedule of compensation paid to mayor, and the justice system funding schedule – receiving entity are 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 schedule of compensation paid to city council, schedule of compensation paid to mayor, and the justice system funding schedule – receiving entity is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information schedule of insurance in force and statistical data (Schedules 9 and 10). Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the City of Port Allen 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 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 Port Allen Louisiana’s internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, Louisiana  
December 22, 2022

## **City of Port Allen, Louisiana**

### **Management's Discussion and Analysis**

**June 30, 2022**

We offer readers of the City of Port Allen's financial statements this narrative overview and analysis of the financial activities of the City of Port Allen for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which follow this section.

#### **Financial Highlights**

Key financial highlights for the 2022 fiscal year include the following:

- The assets of the City of Port Allen exceeded its liabilities at the close of the most recent fiscal year by \$12,932,632 (net position). Of this amount, \$10,588,320 is either restricted or invested in assets that cannot be readily liquidated, the City has a unrestricted net position of \$2,344,042.
- The total net position of the City of Port Allen increased by \$2,809,702 for the year ended June 30, 2022, current operations. Net position of governmental activities increased by \$2,053,893 and net position of business-type activities increased by \$755,809.
- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported combined ending fund balance of \$9,741,279, an increase of \$1,071,870 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately \$9.3 million for the General Fund and \$.3 million for the Municipal Complex Debt Service Fund.
- At the end of the current fiscal year, the unreserved and unassigned fund balance for the General Fund was \$6,565,029 or 125.6% of total General Fund expenditures.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2022

#### Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City of Port Allen's basic financial statements. The City of Port Allen's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Port Allen's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Port Allen's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Port Allen is improving or deteriorating.

The Statement of Activities presents information showing how the City of Port Allen's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Position and the Statement of Activities distinguish functions of the City of Port Allen that are principally supported by taxes, intergovernmental revenues, and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City of Port Allen's governmental activities include general government, public safety, roads and drainage, sanitation, culture, welfare and City Court. The business-type activities of the City of Port Allen include water, gas and sewerage.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2022

Not only do the government-wide financial statements include the City of Port Allen itself, which is the primary government, but also its component unit, The City Court of Port Allen. Although the component unit is legally separate, its operational or financial relationship with the City of Port Allen makes the City of Port Allen financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Port Allen, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Port Allen can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2022**

The City of Port Allen maintains three individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances.

The City of Port Allen adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided for certain of these funds to demonstrate compliance with these budgets.

*Proprietary funds.* There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the water, gas, and sewerage activities of the City, which are presented as business-type activities in the government-wide financial statements. The City of Port Allen uses two enterprise funds – one to account for its water and gas services, and one to account for its sewer services. The City of Port Allen has no internal service funds.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the water and gas and sewerage operations, which are considered to be major funds of City of Port Allen.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Port Allen's compliance with budgets for its major funds.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2022**

**Financial Analysis of Government-wide Activities**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Port Allen assets exceed liabilities by \$12,932,362 at the close of the most recent fiscal year.

A large portion of the City of Port Allen's net position (51.04 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Port Allen uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Port Allen's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Port Allen's Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 9,771,365	\$ 8,615,094	\$ 2,156,107	\$ 2,077,194	\$ 11,927,472	\$ 10,692,288
Restricted assets	381,970	376,364	1,309,628	423,820	1,691,598	800,184
Capital assets	3,948,704	4,043,372	7,610,279	7,590,395	11,558,983	11,633,767
<b>Total assets</b>	<b>14,102,039</b>	<b>13,034,830</b>	<b>11,076,014</b>	<b>10,091,409</b>	<b>25,178,053</b>	<b>23,126,239</b>
Deferred outflows	972,439	1,457,299	392,203	572,338	1,364,642	2,029,637
Current and other liabilities	607,056	492,049	585,433	493,658	1,192,489	985,707
Long-term liabilities	4,836,452	7,233,809	3,182,535	3,199,117	8,018,987	10,432,926
<b>Total liabilities</b>	<b>5,443,508</b>	<b>7,725,858</b>	<b>3,767,968</b>	<b>3,692,775</b>	<b>9,211,476</b>	<b>11,418,633</b>
Deferred inflows	1,634,309	823,503	2,764,548	2,791,080	4,398,857	3,614,583
Net position:						
Invested in capital assets, net of related debt	2,303,704	2,288,372	4,296,986	4,024,692	6,600,690	6,313,064
Restricted	3,087,630	2,833,667	900,000	900,000	3,987,630	3,733,667
Unrestricted	2,605,327	820,729	(261,285)	(744,800)	2,344,042	75,929
<b>Total net position</b>	<b>\$ 7,996,661</b>	<b>\$ 5,942,768</b>	<b>\$ 4,935,701</b>	<b>\$ 4,179,892</b>	<b>\$ 12,932,362</b>	<b>\$ 10,122,660</b>

At the end of the current fiscal year, the City of Port Allen is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The balance of unrestricted net position, \$2,344,042, may be used to meet the government's ongoing obligation to citizens and creditors. However, the City has more than the total of its net position either restricted or tied up in fixed assets, thus creating a deficit unrestricted net position in the business activity funds.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2022**

The City of Port Allen's net position increased by \$2,809,702 during the current fiscal year. The following is a summary of the City of Port Allen's changes in net position.

**City of Port Allen's Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 585,733	\$ 571,217	\$ 3,752,036	\$ 3,124,122	\$ 4,337,769	\$ 3,695,339
Grants and contributions	837,225	717,634	-	-	837,225	717,634
General revenues:						
Property taxes	581,236	567,087	-	-	581,236	567,087
Franchise taxes	366,562	330,829	-	-	366,562	330,829
Business licenses	333,756	314,962	-	-	333,756	314,962
Intergovernmental revenues	4,362,509	3,731,154	-	-	4,362,509	3,731,154
Investment earnings	27,618	52,105	2,691	1,521	30,309	53,626
Other	228,408	110,969	52,852	45,727	281,260	156,696
Total revenues	<b>7,323,047</b>	<b>6,395,957</b>	<b>3,807,579</b>	<b>3,171,370</b>	<b>11,130,626</b>	<b>9,567,327</b>
<b>Expenses</b>						
General Government	871,196	1,054,315	-	-	871,196	1,054,315
Public Safety	1,499,328	1,756,009	-	-	1,499,328	1,756,009
Roads and Drainage	1,167,094	1,425,044	-	-	1,167,094	1,425,044
Depot Welcoming Center	6,647	5,734	-	-	6,647	5,734
Sanitation	603,012	567,754	-	-	603,012	567,754
Animal Control	68,404	87,516	-	-	68,404	87,516
Welfare	732,021	663,721	-	-	732,021	663,721
Community Development	124,836	129,728	-	-	124,836	129,728
Fleet Maintenance	105,614	152,510	-	-	105,614	152,510
Debt Service	91,002	69,950	-	-	91,002	69,950
Water, Sewage and Gas	-	-	3,051,770	2,959,049	3,051,770	2,959,049
Total expenses	<b>5,269,154</b>	<b>5,912,281</b>	<b>3,051,770</b>	<b>2,959,049</b>	<b>8,320,924</b>	<b>8,871,330</b>
Increase (decrease) before transfer	<b>2,053,893</b>	<b>483,676</b>	<b>755,809</b>	<b>212,321</b>	<b>2,809,702</b>	<b>695,997</b>
Transfers in (out)	-	-	-	-	-	-
Net increase (decrease)	<b>2,053,893</b>	<b>483,676</b>	<b>755,809</b>	<b>212,321</b>	<b>2,809,702</b>	<b>695,997</b>
Net position-beginning	<b>5,942,768</b>	<b>5,459,092</b>	<b>4,179,892</b>	<b>3,967,571</b>	<b>10,122,660</b>	<b>9,426,663</b>
Net position at end of year	<b>\$ 7,996,661</b>	<b>\$ 5,942,768</b>	<b>\$ 4,935,701</b>	<b>\$ 4,179,892</b>	<b>\$ 12,932,362</b>	<b>\$ 10,122,660</b>

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2022**

**Governmental Activities**

Revenues for the City of Port Allen's governmental activities for the year ended June 30, 2022 were \$7,327,361 compared to \$6,395,957 in the year ended June 30, 2021.

	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>Var</b>
Charges for services	\$ 585,733	8%	\$ 571,217	9%	\$ 14,516
Grants and contributions	837,225	11%	717,634	11%	119,591
Property taxes	581,236	8%	567,087	9%	14,149
Franchise taxes	366,562	5%	330,829	5%	35,733
Business licenses	333,756	5%	314,962	5%	18,794
Investment earnings	27,618	0%	52,105	1%	(24,487)
Intergovernmental:					
Sales taxes	4,228,618	58%	3,580,903	56%	647,715
Other	133,891	2%	150,251	2%	(16,360)
Other	228,408	3%	110,969	2%	117,439
Total governmental activities revenues	<u>\$ 7,323,047</u>	<u>100%</u>	<u>\$ 6,395,957</u>	<u>100%</u>	<u>\$ 927,090</u>

**Business-type activities**

The business-type activities of the City are those for which the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Water & Gas and Sewer funds are addressed here.

- Charges for services for the City's business-type activities were \$3,752,036 an increase of \$627,914, mainly as a result of increased gas sales.
- The City's business-type activities resulted in a total operating income of \$761,894.
- The water & gas fund operating revenue increased by \$652,261 as a result of increased price of gas sales, while sewer operating revenue decreased by \$24,347 as a result of a decrease in sewer service charges.

**City of Port Allen, Louisiana**

**Management’s Discussion and Analysis**

**June 30, 2022**

**Total Governmental Activities Expenditures**

The cost of all governmental activities this year was \$5,273,468, a decrease of \$638,813. Key components of the decrease are summarized below:

	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>Variance</b>
General government	\$ 871,196	15%	\$ 1,054,315	18%	\$ (183,119)
Public safety	1,499,328	25%	1,756,009	30%	(256,681)
Fleet Maintenance	105,614	2%	152,510	3%	(46,896)
Roads and drainage	1,167,094	20%	1,425,044	24%	(257,950)
Community Development	124,836	2%	129,728	2%	(4,892)
Sanitation	603,012	10%	567,754	10%	35,258
Debt Service	91,002	2%	69,950	1%	21,052
Welfare	732,021	12%	663,721	11%	68,300
Other	75,051	1%	93,250	2%	(18,199)
Total governmental activities expenditures	<u>\$ 5,269,154</u>	<u>100%</u>	<u>\$ 5,912,281</u>	<u>100%</u>	<u>\$ (643,127)</u>

**Financial Analysis of the City of Port Allen’s Funds**

**Governmental Funds**

As noted earlier, the City of Port Allen uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Port Allen’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Port Allen’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City’s net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Port Allen’s governmental funds reported a combined ending fund balance of \$9,741,279, an increase of \$1,071,870 in comparison with the prior fiscal year. Of this amount, \$6,565,029 or 67.39% was unassigned and available for spending. \$3,176,250 or 32.61% was non-spendable, restricted, or committed to indicate that it is not available for new spending.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2022

- The General Fund is the chief operating fund of the City of Port Allen. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,565,029. That amount is unassigned and is available for spending at the City Council's discretion. The total fund balance of the City of Port Allen's General Fund increased by \$1,015,690.
- The Low-Income Housing Assistance Fund accounts for all receipts and expenditures of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low-income citizens who qualify. At the end of the current fiscal year, the fund balance of this fund was \$73,822, all of which is restricted for housing assistance.
- The Municipal Complex Debt Service Fund is operational through proceeds from debt and transfers from the Capital Improvements Fund of the City. At the end of the current fiscal year, the fund balance of this fund was \$312,202, all of which is restricted for debt service.

#### Proprietary Funds

The Water & Gas Fund and the Sewer Fund net position increased by \$755,809 for the current year. The prior year's increase was \$212,321.

#### General Fund Budgetary Highlights

The budget policy of the City of Port Allen complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S. 39:1301 et seq.).

The original budget for the General Fund of the City of Port Allen was adopted on June 9, 2021. Differences between the budget and the actual results of the General Fund are as follows:

#### Revenues

- General Fund revenues were \$1,332,071 (26.4%) higher than original and final budget estimates. Sales tax revenue was the largest contributors to those favorable budget variances.

#### Expenditures

- Total expenditures were \$543,041 (9.4%) lower than the original budget estimate and \$642,991 (11.0%) lower than the revised budget estimate, primarily due to lower expenditures for public safety and roads and drainage than was expected.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2022**

**Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of June 30, 2022 amounts to \$11,558,983 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and structures, furniture and fixtures, equipment and vehicles, the sewer system and wastewater treatment plant, and the water and gas systems. Due to its size, the City of Port Allen is not required to report infrastructure assets acquired before June 30, 2001. However, the City will continue to report new infrastructure assets in the year acquired.

Additional information on the City's capital assets can be found in Note 6 of this financial report.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and Land improvements	\$ 686,051	\$ 686,051	\$ 22,237	\$ 22,237	\$ 708,288	\$ 708,288
Buildings and structures	2,961,433	3,103,287	90,231	99,080	3,051,664	3,202,367
Furniture and Fixtures	77,793	49,493	37,396	4,360	115,189	53,853
Equipment and vehicles	223,427	204,541	14,984	37,985	238,411	242,526
Wastewater treatment plant	-	-	1,369,336	1,363,017	1,369,336	1,363,017
Water System	-	-	1,164,688	1,158,522	1,164,688	1,158,522
Gas System	-	-	2,730,143	2,831,218	2,730,143	2,831,218
Sewer System	-	-	2,070,845	2,073,976	2,070,845	2,073,976
Construction in progress	-	-	110,419	-	110,419	-
<b>Total</b>	<b>\$ 3,948,704</b>	<b>\$ 4,043,372</b>	<b>\$ 7,610,279</b>	<b>\$ 7,590,395</b>	<b>\$ 11,558,983</b>	<b>\$ 11,633,767</b>

Major capital asset events during the fiscal year included the following:

- The purchase of 2 new police vehicles for \$70,265.
- The purchase of 1 new vehicle for road & drainage department for \$32,740.
- Audio and video upgrades to council room at City Hall for \$87,242.
- Water system upgrades for \$66,402.
- Sewer system improvements for \$65,868.
- Wastewater treatment plant upgrades for \$75,668.
- Construction in progress for sewer system improvements for \$107,965.

**City of Port Allen, Louisiana**

**Management’s Discussion and Analysis**

**June 30, 2022**

**Long Term Debt**

At the end of the current fiscal year, the City of Port Allen had total debt outstanding of \$7,432,882. Of this amount, \$1,645,000 comprises debt backed by the full faith and credit of the government, \$900,000 represents debt secured by specified revenue sources, \$410,631 represents the City’s estimated liability for compensated absences, \$805,100 represents the City’s estimated liability for other postemployment benefits and \$3,672,151 is the City’s net pension liability. The following table summarizes debt outstanding at June 30, 2022.

**Long Term Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue Bonds Payable	\$ 1,645,000	\$ 1,755,000	\$ 900,000	\$ 995,000	\$ 2,545,000	\$ 2,750,000
Compensated Absences	268,832	262,553	141,799	167,018	410,631	429,571
Other Post Employment Benefit Obligations	567,549	913,418	237,551	374,614	805,100	1,288,032
Net Pension Liability	2,550,071	4,472,838	1,122,080	1,757,485	3,672,151	6,230,323
<b>Total Long Term Debt</b>	<b>\$ 5,031,452</b>	<b>\$ 7,403,809</b>	<b>\$ 2,401,430</b>	<b>\$ 3,294,117</b>	<b>\$ 7,432,882</b>	<b>\$ 10,697,926</b>

During the fiscal year, the City’s long-term debt decreased by \$3,265,044 due to (1) repayment of \$95,000 to the Department of Environmental Quality Revolving Loan Fund, (2) repayment of \$170,000 on bonds issued for the new city hall, (3) an overall decrease of \$18,940 in the estimated long term compensated absences (4) an overall decrease of \$482,932 in the estimated liability for post-employment benefit obligations (5) an overall decrease of \$2,558,172 of net pension liabilities (6) to pay off original bond issue of \$1,585,000 and (7) received proceeds of new bond issuance of \$1,645,000.

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

**Economic Factors and Next Year’s Budgets and Rates**

The following economic factors were considered when the budget for fiscal year 2022-2023 was presented to the City Council:

On the revenue side of the budget, the administration is projecting a \$107,000 increase in overall revenues—the most significant coming from an increase in user rates for the City’s utility systems.

## **City of Port Allen, Louisiana**

### **Management's Discussion and Analysis**

**June 30, 2022**

Most of the capital expenditures are expected to be related to police vehicles, road improvements and wastewater system enhancements. For the year ending June 30, 2023, the City of Port Allen is projecting a deficit in its General Fund after making required bond principal and interest payments on the Municipal Complex bond obligations. However, revenue remains steady with sales tax collections representing the largest resource. A significant portion of the capital outlay expenditures from the City's continuation of the road rehabilitation program accounts for approximately \$435,000 each year. The projected deficit in the Water and Gas Fund is expected to be \$352,000 with capital expenditures of \$80,000 included. The costs of benefits are expected to increase again this year. Upon recommendation of Mayor Lee, the City Council is expected to approve adjustments in water, gas and sewer rates which will likely be seen in the FY 22-23 budget revenue numbers in the utility funds of the City of Port Allen. These adjustments are not reflected in the expected revenue numbers for FY 21-22. The Sewer Fund has a steady projection of revenues, but expenses for capital and infrastructure continue to deplete the Sewer Fund's operating resources. However, the city has received approximately \$1,754,000 in ARPA funding that will be used to improve the City's utility systems. Because of these extraordinary expenses at the Wastewater Treatment Plant and the age of the system, the administration is in the process of attempting to locate property and funding for building a new plant to serve the citizens of the City of Port Allen.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of Port Allen's finances for all those with an interest in the City of Port Allen's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer of the City of Port Allen, 375 Court Street, Port Allen, LA, 70767, or by calling (225) 346-5670.

# CITY OF PORT ALLEN, LOUISIANA

## Statement of Net Position

June 30, 2022

	Primary Government			Component unit
	Government activities	Business-type activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 8,291,480	\$ 1,792,692	\$ 10,084,172	\$ 434,495
Investments	500,000	20,000	520,000	44,459
Receivables, net	253,270	451,450	704,720	-
Internal balances	179,559	(179,559)	-	15,649
Due from other governments	347,541	-	347,541	2,595
Prepaid items and other assets	199,515	71,524	271,039	2,309
Restricted assets:				
Cash and cash equivalents	381,970	1,309,628	1,691,598	-
Capital assets:				
Land	686,051	22,237	708,288	-
Other capital assets, net of depreciation	3,262,653	7,588,042	10,850,695	10,646
Total assets	14,102,039	11,076,014	25,178,053	510,153
<b>Deferred Outflow of Resources</b>	972,439	392,203	1,364,642	7,242
Total assets and deferred outflows of resources	15,074,478	11,468,217	26,542,695	517,395
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	244,324	280,240	524,564	-
Deposits and deferred charges	-	207,055	207,055	-
Accrued interest payable	12,338	2,138	14,476	3,896
Accrued wages and other	155,394	-	155,394	200
Bonds payable, due within one year	195,000	96,000	291,000	-
Noncurrent liabilities:				
Compensated absences	268,832	141,799	410,631	-
OPEB obligations	567,549	237,551	805,100	-
Bonds payable, due in more than one year	1,450,000	804,000	2,254,000	-
Net pension liability	2,550,071	1,122,080	3,672,151	75,460
Unearned revenues	-	877,105	877,105	-
Total liabilities	5,443,508	3,767,968	9,211,476	79,556
<b>Deferred Inflow of Resources</b>	1,634,309	2,764,548	4,398,857	47,025
Total liabilities and deferred inflows of resources	7,077,817	6,532,516	13,610,333	126,581
<b>Net Position</b>				
Invested in capital assets, net of related debt	2,303,704	4,296,986	6,600,690	10,646
Restricted for:				
Prepaid expenses	198,606	-	198,606	-
Public safety	3,000	-	3,000	-
Welfare	73,822	-	73,822	-
Debt service	312,202	-	312,202	-
Ordinance No. 1 of 2006	2,500,000	900,000	3,400,000	-
Unrestricted	2,605,327	(261,285)	2,344,042	380,168
Total net position	\$ 7,996,661	\$ 4,935,701	\$ 12,932,362	\$ 390,814

**CITY OF PORT ALLEN, LOUISIANA**

Statement of Activities

Year Ended June 30, 2022

Functions/programs	Program Revenues			Net (expenses) revenue and change in net position			Component units
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Primary Government		
					Business-type activities	Total	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 871,196	\$ -	\$ -	\$ (871,196)	\$ -	\$ (871,196)	\$ -
Public safety	1,499,328	6,631	-	(1,492,697)	-	(1,492,697)	-
Roads and drainage	1,167,094	-	63,189	(1,103,905)	-	(1,103,905)	-
Depot welcoming center	6,647	-	-	(6,647)	-	(6,647)	-
Sanitation	603,012	579,102	-	(23,910)	-	(23,910)	-
Animal control	68,404	-	-	(68,404)	-	(68,404)	-
Welfare	732,021	-	774,036	42,015	-	42,015	-
Community development	124,836	-	-	(124,836)	-	(124,836)	-
Fleet maintenance	105,614	-	-	(105,614)	-	(105,614)	-
Debt service	91,002	-	-	(91,002)	-	(91,002)	-
Total governmental activities	5,269,154	585,733	837,225	(3,846,196)	-	(3,846,196)	-
Business-type activities							
Water and Gas	2,388,202	2,749,150	-	-	360,948	360,948	-
Sewer	663,568	1,002,886	-	-	339,318	339,318	-
Total business-type activities	3,051,770	3,752,036	-	-	700,266	700,266	-
Total primary government	\$ 8,320,924	\$ 4,337,769	\$ 837,225	(3,846,196)	700,266	(3,145,930)	-
<b>Component units:</b>							
City Court	\$ 356,936	\$ 393,606	\$ -	-	-	-	36,670
<b>General revenues:</b>							
Property taxes				581,236	-	581,236	-
Franchise taxes				366,562	-	366,562	-
Business licenses				333,756	-	333,756	-
Intergovernmental revenue							
Sales and use taxes				4,228,618	-	4,228,618	-
Other taxes				21,872	-	21,872	-
Other income				112,019	-	112,019	-
Non-employer contributions to pension plan				89,854	27,090	116,944	-
Investment earnings				27,618	2,691	30,309	846
Gain (loss) on sale of assets				78,754	-	78,754	-
Miscellaneous				59,800	25,762	85,562	-
Total general revenues and transfers				5,900,089	55,543	5,955,632	37,516
Change in net position				2,053,893	755,809	2,809,702	37,516
Net position - beginning				5,942,768	4,179,892	10,122,660	353,298
Net position - ending				\$ 7,996,661	\$ 4,935,701	\$ 12,932,362	\$ 390,814

# CITY OF PORT ALLEN, LOUISIANA

Balance Sheet, Governmental Funds

June 30, 2022

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 8,218,238	\$ 73,242	\$ -	\$ 8,291,480
Investments	500,000	-	-	500,000
Receivables, net	252,965	-	305	253,270
Due from other funds	181,854	580	-	182,434
Due from other governments	347,541	-	-	347,541
Prepaid items and other assets	199,515	-	-	199,515
Restricted cash and cash equivalents	57,736	-	324,234	381,970
Total assets	<u>\$ 9,757,849</u>	<u>\$ 73,822</u>	<u>\$ 324,539</u>	<u>\$ 10,156,210</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 244,324	\$ -	\$ -	\$ 244,324
Other current liabilities	155,394	-	-	155,394
Due to other funds	2,876	-	-	2,876
Accrued interest payable	-	-	12,337	12,337
Total liabilities	<u>402,594</u>	<u>-</u>	<u>12,337</u>	<u>414,931</u>
<b>Fund balance:</b>				
Nonspendable:				
Prepaid items	198,606	-	-	198,606
Restricted:				
Public safety	3,000	-	-	3,000
Welfare	-	73,822	-	73,822
Debt service	-	-	312,202	312,202
Committed:				
Ordinance No. 1 of 2006	2,500,000	-	-	2,500,000
Assigned				
Purchase commitments	88,620	-	-	88,620
Unassigned	6,565,029	-	-	6,565,029
Total fund balance	<u>9,355,255</u>	<u>73,822</u>	<u>312,202</u>	<u>9,741,279</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 9,757,849</u>	<u>\$ 73,822</u>	<u>\$ 324,539</u>	<u>\$ 10,156,210</u>

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**CITY OF PORT ALLEN, LOUISIANA**

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net position****June 30, 2022**

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<b>Fund balances - total governmental funds</b>		<b>\$ 9,741,279</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 7,694,536	
Less accumulated depreciation	<u>(3,745,832)</u>	
		<b>3,948,704</b>
Deferred outflows and inflows of resources not recognized in the fund balance of Governmental Fund Statement.		
Pension related changes reported as deferred outflows	\$ 695,565	
Pension related changes reported as deferred inflows	(1,063,974)	
OPEB related changes reported as deferred outflows	276,874	
OPEB related changes reported as deferred inflows	<u>(570,335)</u>	
		<b>(661,870)</b>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable	\$ (1,645,000)	
OPEB obligations	(567,549)	
Compensated absences	(268,832)	
Net pension liability	<u>(2,550,071)</u>	
		<b>(5,031,452)</b>
Net position of governmental activities		<b><u>\$ 7,996,661</u></b>

## CITY OF PORT ALLEN, LOUISIANA

### Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds

Year Ended June 30, 2022

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 947,798	\$ -	\$ -	\$ 947,798
Licenses and permits	333,756	-	-	333,756
Intergovernmental	4,393,855	774,036	-	5,167,891
Charges for services	585,733	-	-	585,733
Fines and forfeitures	31,843	-	-	31,843
Investment earnings	27,036	136	445	27,617
Miscellaneous	59,800	-	-	59,800
Total revenues	6,379,821	774,172	445	7,154,438
<b>Expenditures</b>				
Current				
General government	826,174	-	-	826,174
Public safety	1,813,702	-	-	1,813,702
Roads and drainage	1,414,088	-	-	1,414,088
Depot welcome center	6,647	-	-	6,647
Sanitation	603,012	-	-	603,012
Health	68,404	-	-	68,404
Welfare	-	732,021	-	732,021
Community development	149,694	-	-	149,694
Fleet maintenance	159,197	-	-	159,197
Capital outlay				
General government	48,668	-	-	48,668
Public safety	105,563	-	-	105,563
Roads and drainage	33,150	-	-	33,150
Debt service				
Principal	-	-	1,755,000	1,755,000
Interest and other charges	-	-	91,002	91,002
Total expenditures	5,228,299	732,021	1,846,002	7,806,322
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	1,151,522	42,151	(1,845,557)	(651,884)
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	-	1,645,000	1,645,000
Sales of general fixed assets	78,754	-	-	78,754
Operating transfers out	(214,586)	(5,089)	219,675	-
Total other financing sources (uses)	(135,832)	(5,089)	1,864,675	1,723,754
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>				
	1,015,690	37,062	19,118	1,071,870
<b>Fund Balances</b>				
Beginning	8,339,565	36,760	293,084	8,669,409
Ending	\$ 9,355,255	\$ 73,822	\$ 312,202	\$ 9,741,279

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**CITY OF PORT ALLEN, LOUISIANA**

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**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, Changes in Fund Balances to the Statement of Activities****Year Ended June 30, 2022**

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

Net change in fund balances - total governmental funds \$ 1,071,870

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.

Capital outlay	\$ 155,513	
Depreciation expense	<u>(250,181)</u>	(94,668)

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Bond proceeds	\$ (1,645,000)	
Principal payments	<u>1,755,000</u>	110,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

OPEB expenses	\$ 111,496	
Compensated absences	(6,279)	
Pension expense	<u>861,474</u>	966,691

Change in net position of governmental activities		<u><u>\$ 2,053,893</u></u>
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# CITY OF PORT ALLEN, LOUISIANA

## Statement of Net Position, Proprietary Funds

June 30, 2022

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 1,475,804	\$ 316,888	\$ 1,792,692
Investments	-	20,000	20,000
Accounts receivable, net	232,492	218,958	451,450
Due from other funds	173,334	-	173,334
Prepaid expenses and other current assets	58,871	12,653	71,524
Total current assets	1,940,501	568,499	2,509,000
<b>Non-current Assets</b>			
Restricted:			
Cash and cash equivalents	207,055	1,102,573	1,309,628
Total restricted assets	207,055	1,102,573	1,309,628
Capital assets:			
Land and land improvements	14,857	7,380	22,237
Buildings and structures	294,449	-	294,449
Furniture and fixtures	92,821	-	92,821
Equipment and vehicles	292,059	157,110	449,169
Wastewater treatment plant	-	2,482,647	2,482,647
Water system	2,744,476	-	2,744,476
Gas system	4,046,906	-	4,046,906
Sewer system	-	3,261,363	3,261,363
Construction in progress	2,454	107,965	110,419
Less accumulated depreciation	(3,441,228)	(2,452,980)	(5,894,208)
Total capital assets (net of accumulated depreciation)	4,046,794	3,563,485	7,610,279
Total non-current assets	4,253,849	4,666,058	8,919,907
<b>Deferred Outflows of Resources</b>			
Total assets and deferred outflows of resources	\$ 6,454,541	\$ 5,366,569	\$ 11,821,110

# CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds, Continued

June 30, 2022

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Liabilities</b>			
<b>Current Liabilities (payable from current assets):</b>			
Accounts payable	\$ 176,650	\$ 103,590	\$ 280,240
Due to other funds	152,648	200,245	352,893
Customer deposits	207,055	-	207,055
Total current liabilities (payable from current assets)	536,353	303,835	840,188
<b>Current Liabilities (payable from restricted assets):</b>			
Accrued interest payable on revenue bonds	-	2,138	2,138
Current portion of long-term debt	-	96,000	96,000
Total current liabilities (payable from restricted assets)	-	98,138	98,138
<b>Non-current Liabilities:</b>			
Compensated absences	107,727	34,072	141,799
OPEB obligations	175,935	61,616	237,551
Bonds and notes payable	-	804,000	804,000
Net pension liability	794,642	327,438	1,122,080
Unearned revenues	-	877,105	877,105
Total non-current liabilities	1,078,304	2,104,231	3,182,535
Total liabilities	1,614,657	2,506,204	4,120,861
<b>Deferred Inflows of Resources</b>	2,679,956	84,592	2,764,548
Total liabilities and deferred inflow of resources	4,294,613	2,590,796	6,885,409
<b>Net Position</b>			
Invested in capital assets, net of related debt	1,633,501	2,663,485	4,296,986
Restricted for:			
Ordinance No. 1 of 2006	900,000	-	900,000
Unrestricted (deficit)	(373,573)	112,288	(261,285)
Total net position	\$ 2,159,928	\$ 2,775,773	\$ 4,935,701

## CITY OF PORT ALLEN, LOUISIANA

*Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds*

*Year Ended June 30, 2022*

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Operating Revenues</b>			
Charges for services			
Gas sales	\$ 2,238,989	\$ -	\$ 2,238,989
Water sales	469,744	-	469,744
Sewer service charges	-	1,002,286	1,002,286
Connection fees	40,417	600	41,017
Miscellaneous	24,333	1,429	25,762
Non-employer contributions to pension plan	20,193	6,897	27,090
<b>Total Operating Revenues</b>	<b>2,793,676</b>	<b>1,011,212</b>	<b>3,804,888</b>
<b>Operating Expenses</b>			
Personal services	512,649	220,924	733,573
Contractual services and other	404,525	158,744	563,269
Supplies	28,322	37,892	66,214
Materials	1,188,525	19,231	1,207,756
Heat, light and power	63,793	66,295	130,088
Depreciation	190,388	151,706	342,094
<b>Total Operating Expenses</b>	<b>2,388,202</b>	<b>654,792</b>	<b>3,042,994</b>
<b>Operating Income (Loss)</b>	<b>405,474</b>	<b>356,420</b>	<b>761,894</b>
<b>Nonoperating Revenues (Expenses)</b>			
Interest expense	-	(8,776)	(8,776)
Investment earnings	1,065	1,626	2,691
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,065</b>	<b>(7,150)</b>	<b>(6,085)</b>
<b>Income (loss) before transfers</b>	<b>406,539</b>	<b>349,270</b>	<b>755,809</b>
Transfer in	100,760	-	100,760
Transfer (out)	-	(100,760)	(100,760)
<b>Increase (Decrease) in net assets</b>	<b>507,299</b>	<b>248,510</b>	<b>755,809</b>
<b>Net position</b>			
Beginning	1,652,629	2,527,263	4,179,892
Ending	<b>\$ 2,159,928</b>	<b>\$ 2,775,773</b>	<b>\$ 4,935,701</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Cash Flows  
Proprietary Funds*

*Year Ended June 30, 2022*

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 2,753,028	\$ 1,000,031	\$ 3,753,059
Payments to suppliers	(1,609,219)	(344,865)	(1,954,084)
Payments to employees for services and benefits	(1,171,868)	(314,927)	(1,486,795)
Other operating cash receipts	24,333	1,429	25,762
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(3,726)</b>	<b>341,668</b>	<b>337,942</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers to other funds	-	(100,760)	(100,760)
Transfers from other funds	100,760	-	100,760
<b>Net Cash Provided By (Used in) Noncapital Financing Activities</b>	<b>100,760</b>	<b>(100,760)</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchase of capital assets	(112,478)	(249,501)	(361,979)
Capital grant received	-	877,105	877,105
Principal paid on revenue bonds	-	(95,000)	(95,000)
Interest paid	-	(9,001)	(9,001)
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>(112,478)</b>	<b>523,603</b>	<b>411,125</b>
<b>Cash Flows From Investing Activities</b>			
Interest received	1,065	1,626	2,691
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>1,065</b>	<b>1,626</b>	<b>2,691</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(14,379)</b>	<b>766,137</b>	<b>751,758</b>
<b>Cash and Cash Equivalents</b>			
Beginning	1,697,238	653,324	2,350,562
Ending	\$ 1,682,859	\$ 1,419,461	\$ 3,102,320
<b>Cash and Cash Equivalents Restricted Assets</b>			
Totals	\$ 1,475,804	\$ 316,888	\$ 1,792,692
	207,055	1,102,573	1,309,628
	\$ 1,682,859	\$ 1,419,461	\$ 3,102,320

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**CITY OF PORT ALLEN, LOUISIANA**

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*Statement of Cash Flows**Year Ended June 30, 2022**Proprietary Funds, Continued*

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Cash Flows From Operating Activities</b>			
Operating income	\$ 405,474	\$ 356,420	\$ 761,894
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	190,388	151,707	342,095
OPEB obligations	(507,040)	(111,825)	(618,865)
(Increase) decrease in assets			
Accounts receivable	(139,620)	(334)	(139,954)
Prepaid expenses	(58,848)	(12,653)	(71,501)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	134,794	(52,572)	82,222
Deposits	7,270	-	7,270
Compensated absences	(36,144)	10,925	(25,219)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ (3,726)</b>	<b>\$ 341,668</b>	<b>\$ 337,942</b>

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**CITY OF PORT ALLEN, LOUISIANA**

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**Statement of Net Position  
Component Unit****December 31, 2021**

	City Court
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 434,495
Investments	44,459
Prepaid expenses	2,309
Due from other funds	15,649
Due from other governments	2,595
Total current assets	<u>499,507</u>
<b>Non-Current Assets</b>	
Capital assets, net of depreciation	<u>10,646</u>
Total assets	<u>510,153</u>
<b>Deferred Outflows of Resources</b>	
Total assets and deferred outflows of resources	<u>517,395</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accrued expenses	3,896
Deferred revenues	200
Total current liabilities	<u>4,096</u>
<b>Non-Current Liabilities</b>	
Net pension liability	<u>75,460</u>
<b>Total Liabilities</b>	<u>79,556</u>
<b>Deferred Inflows of Resources</b>	
Total liabilities and deferred inflows of resources	<u>126,581</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	10,646
Unassigned	<u>380,168</u>
Total net position	<u>\$ 390,814</u>

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**CITY OF PORT ALLEN, LOUISIANA**

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*Statement of Activities*  
*Component Unit**Year Ended December 31, 2021*

	<u>Program Revenues</u>		<u>Net (Expenses)</u> <u>Revenues and Changes</u> <u>in Net Position</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>City</u> <u>Court</u>
<b>City Court</b>			
Judiciary	<u>\$ 356,936</u>	<u>\$ 393,606</u>	<u>\$ 36,670</u>
<b>General Revenues</b>			
Investment earnings			<u>846</u>
Change in net position			<u>37,516</u>
<b>Net position - beginning</b>			<u>353,298</u>
<b>Net position - ending</b>			<u><u>\$ 390,814</u></u>

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements*

*June 30, 2022*

## 1. Summary of Significant Accounting Policies

**Reporting Entity.** The government is a municipal corporation governed by an elected Mayor and five member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component units:** The City Court of Port Allen serves the citizens of the City. The voters elect the judge. The City is required to provide facilities and funding for the operation of the Court.

Complete financial statements for the City Court may be obtained at the Court's administrative office: City Court of Port Allen, 330 South Alexander, Port Allen, Louisiana.

**Related Organizations.** The following organizations were considered for inclusion in the reporting entity but did not meet all of the requirements. Therefore, these entities were considered to be related organizations not reported in the accompanying basic financial statements.

**Port Allen Auxiliary Police Department.** This potential component unit provides volunteer police services within the city limits. Although the City does provide facilities and/or some financing, it does not exercise direct control over their operations.

**Port Allen City Constable.** This potential component unit is an independently elected official and provides services to residents, generally within the geographic boundaries of the City. However, the City does not have the ability to exercise influence over its daily operations.

**Government-wide and Fund Financial Statements.** The government-wide financial statements include the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation.** The financial statements of the City are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

However, expenditures related to compensated absences and claims and judgments are only recorded when payment is due.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

**Special Revenue Fund:**

**Low Income Housing Fund.** The Low Income Housing Fund is used to account for the expenditure and subsequent reimbursement of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify.

**Debt Service Fund:**

**Municipal Complex Debt Service Fund.** The Municipal Complex Debt Service Fund accumulates revenues and the payment of principal and interest on the Louisiana Local Governmental Facilities and Community Development Authority bonds for the construction of the Municipal Complex Building.

The government reports the following major proprietary funds:

**Enterprise Funds:**

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

**Sewer Fund.** The Sewer Fund is to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service billing.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2022*

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Gas fund and the Sewer fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash and Cash Equivalents.** Cash and cash equivalents include cash on hand, demand deposits, as well as certificates of deposit and short-term investments, with a maturity date within three months of the date acquired by the City.

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 and national banks having principal offices in Louisiana. State statutes authorize the City to invest in United States bonds, treasure notes or certificates. These are classified as investments if the original maturities exceed 90 days. Investments are stated at fair value using published market rates.

Cash and cash equivalents are stated at cost, which approximates market value. 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. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**Investments.** Nearly all investments held by general purpose governments are required to be reported at fair value in their basic financial statements by GASB Codification 150 *Investment*.

**Inventories.** Purchases of operating supplies are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

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# CITY OF PORT ALLEN, LOUISIANA

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## Notes to Financial Statements, Continued

June 30, 2022

**Prepaid Items.** Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets.** Restricted assets include certain cash and investments of the Water & Gas Fund, Sewer Fund and Municipal Complex Debt Service Fund, which are legally restricted as to their use. The restricted cash and investments in the governmental funds and in the Sewer Fund are held separately and restricted according to the applicable bond indenture agreements. The restricted cash in the Water & Gas Fund is held in trust for customer utility meter deposits.

**Compensated Absences.** Full-time, permanent employees of the City earn vacation leave and sick leave at various rates depending on the number of years of service. The City's policy allows employees to accumulate unused sick leave on an unlimited basis and unused vacation leave up to 60 days. An employee is compensated for up to 60 days of unused vacation leave at the employee's hourly rate of pay at the time of termination. Upon an employee's retirement, sick leave, not to exceed 60 days, and vacation leave not to exceed 60 days shall be paid as severance pay. The liability for these compensated absences is recorded as long-term debt in the government-wide and proprietary financial statements. However, any matured compensated absences existing at year-end which are payable to currently terminating employees are reported in the governmental funds as wages and benefits payable and on the government-wide and proprietary financial statements as the current portion of compensated absences.

**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 and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost in excess of \$2,000 and a useful life of over one year. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Description	Life in Years
Buildings	30-50
Water and Sewer Systems	40-50
Infrastructure	20-35
Machinery and Equipment	5-10
Improvements	20

GASB Codification section 1400 "Reporting Capital Assets" requires the City to report and depreciate new infrastructure assets in the year acquired. Infrastructure assets include roads, underground pipe (other than related to utilities), etc. These infrastructure assets are likely to be

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

the largest asset class of the City. Neither their historical cost nor related depreciation has been reported in the financial statements prior to June 30, 2001. The retroactive reporting of infrastructure is not required for governments of this size and, accordingly, the City has elected not to report infrastructure retroactively. However, the City will continue to report new infrastructure assets in the year acquired.

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

**Long Term Debt.** Long Term Debt obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements.

Long Term Debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and the payment of principle and interest are reported as expenditures, in the fund statements.

The reporting of Long Term Debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

**Deferred Outflows of Resources and Deferred 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 or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditure) until then. 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, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City has two types of deferred inflows of resources: 1.) amounts which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in Water & Gas proprietary fund balance sheet. The Water & Gas fund reports unavailable revenues related to a public-private partnership

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

where it received capital assets for discounted utility fees and 2.) amounts related to pensions and OPEB on the government wide financial statement. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## *Fund Equity.*

### *Equity Classifications.*

#### *Government-Wide Financial Statements.*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by:
  1. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
  2. law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

### *Fund Financial Statements.*

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as follows.

The City follows GASB Codification Section 1400 “Fund Accounting”. As such, fund balances of the governmental fund are classified as follows:

Non-spendable – amount that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

Committed – amounts that can be used only for specific purposes determined by a formal decision of the City Council. The City Council is the highest level of decision-making authority for the City of Port Allen.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

The City Council is the highest level of decision-making authority for the City. The Council would have to approve a resolution to approve or change any previously approved commitment of fund balance. The City council is also authorized to approve assigned fund balances. It is the City’s policy to spend unrestricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is the City’s policy to spend committed or assigned fund balances first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City does not have any policy regarding minimum fund balance amounts.

Proprietary fund equity is classified the same as in the government-wide statements.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

### **Interfund Receivables and Payables:**

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as “due from/to other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

### **Elimination and Reclassification:**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

## Revenues and Expenditure Recognition.

Ad Valorem Taxes. Ad Valorem taxes are recognized in the fiscal year in which the taxes are levied. Taxes are due and become an enforceable lien on property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). City taxes are billed and collected by the City.

Taxes become delinquent on January 1<sup>st</sup> in the year after levy. Taxes are levied on property values determined by the West Baton Rouge Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of its fair market value and other property at 15 percent of its fair market value. Ad Valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation for the following purposes:

<u>General Fund</u>	<u>2022 Millage</u>
General Maintenance	7.18
Police Department	5.02

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

Recently Adopted Accounting Pronouncements. In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases. In May 2020, the GASB issued Statement No. 95 which changed the effective date for Statement No. 87 to fiscal years beginning after June 15, 2021. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The City adopted this standard in the year ended June 30, 2022. The implementation of this standard had no material effect on the City's financial statements for the year ended June 30, 2022.

Subsequent Events. In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 22, 2022, the date the financial statements were available to be issued.

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# CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, Continued

June 30, 2022

## 2. Stewardship, Compliance, and Accountability

**Budgetary Information.** Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital improvement and debt service funds, and all annual appropriations lapse at fiscal year-end.

Policies and procedures with respect to the budget adoption and budgetary control are as follows:

On or before May 15 of each year, all agencies of the City submit requests for appropriation to the City's finance director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 16, the proposed budget is presented to the City's Council for review. The City's Council holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's finance director or the revenue estimates must be changed by an affirmative vote of a majority of the City's Council.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary integration of the General Fund.

All appropriations which are not expended or encumbered lapse at year-end. Encumbrances outstanding at year end include \$88,620 for capital outlays.

## 3. Deposits and Investments

The table below reconciles deposits and investments by the nature of the deposit to the applicable financial statement classification as of June 30, 2022.

Financial statement Classification	Demand Deposits	Certificates of Deposit	Market Accounts	LAMP	Total
Cash and cash equivalents	\$ 1,949,358	\$ -	\$ 7,062,860	\$ 1,071,954	\$ 10,084,172
Investments	-	520,000	-	-	520,000
Restricted Cash and cash equivalents	1,367,364	-	324,234	-	1,691,598
Balance per City books	\$ 3,316,722	\$ 520,000	\$ 7,387,094	\$ 1,071,954	\$ 12,295,770
Institutional balances	\$ 3,665,662	\$ 520,000	\$ 7,812,674	\$ 1,071,954	\$ 13,070,290

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

## Deposits

The total balances will not necessarily equal the balances per the statement of net position. Deposits in bank accounts are stated at cost, which approximates market value. Under state law, these deposits are 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 at all times equaled the amount on deposit with the fiscal agent. Because the securities are held by the pledging fiscal agent in the City's name, the City does not have any custodial credit risk. Balances in the money market accounts are secured by the underlying assets. In addition, the Louisiana Asset Management Pool (LAMP) investments of \$1,071,954 are included in the amounts of cash and cash equivalents because they are readily available.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are uninsured, are not registered in the City, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The deposits of the City at June 30, 2022 were not subject to custodial credit risk.

## LAMP

At June 30, 2022, the City had an investment of \$1,071,954 with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

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

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for 2a7 like investment pools:

- 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

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP 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. The WAM for LAMP's total investments is 56 days as of June 30, 2022.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

## Investments

As of June 30, 2022, the change in the City's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, June 30, 2021	\$ 1,720,000	\$ 1,720,000
Less:		
Maturities	(1,200,000)	(1,200,000)
Balance, June 30, 2022	\$ 520,000	\$ 520,000

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# CITY OF PORT ALLEN, LOUISIANA

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## Notes to Financial Statements, Continued

June 30, 2022

As of June 30, 2022, the City of Port Allen had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Certificates of deposit	\$ 520,000	\$ 520,000	\$ -	\$ -	\$ -

#### 4. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem, sales taxes, franchise taxes, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem, sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Balances receivable have been aggregated for presentation in the accompanying financial statements. Therefore, the following schedules provide additional detailed information concerning balances receivable by category and fund type. Receivable balances at June 30, 2022, are as follows:

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2022

	Governmental Funds		
	General Fund	MCDS Fund	Total Governmental Funds
Franchise tax	\$ 93,289	\$ -	\$ 93,289
Property tax	50,453	-	50,453
Accounts receivable	103,258	-	103,258
Interest receivable	-	305	305
Other	105,389	-	105,389
Total Receivables	352,389	305	352,694
Allowance for Uncollectibles	(99,424)	-	(99,424)
<b>Receivables, Net</b>	<b>\$ 252,965</b>	<b>\$ 305</b>	<b>\$ 253,270</b>

	Proprietary Funds		
	Water & Gas Fund	Sewer Fund	Total Proprietary Funds
Utility fees	\$ 427,259	\$ 218,958	\$ 646,217
Allowance for uncollectibles	(194,767)	-	(194,767)
<b>Receivables, Net</b>	<b>\$ 232,492</b>	<b>\$ 218,958</b>	<b>\$ 451,450</b>

Uncollectible amounts due for condemnation and code enforcement receivables and utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the collectability of the particular receivable.

## 5. Pipeline Public-Private Partnership

As of June 30, 2022, \$2,413,293 is included in deferred inflows of resources related to unavailable revenue for proprietary funds related to the City's acquisition of gas pipeline additions through a public-private partnership with 3 of its commercial customers. The private companies facilitated and paid for the construction of the line additions in return for reduced utility fees until such time that they had recouped their investment. The City will recognize revenue for all gas provided to these customers at normal commercial rates and relieve deferred inflows for the discounts provided the customers until all deferred inflows are realized.

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2022

## 6. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2022:

	Beginning Balance June 30, 2021	Increases	Decreases	Transfers	Ending Balance June 30, 2022
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 686,051	\$ -	\$ -	\$ -	\$ 686,051
Capital assets, being depreciated:					
Buildings and structures	5,042,710	-	-	-	5,042,710
Furniture and fixtures	367,766	43,621	3,989	-	407,398
Equipment and vehicles	1,648,032	111,892	227,645	-	1,532,279
Total capital assets, being depreciated	7,058,508	155,513	231,634	-	6,982,387
Less accumulated depreciation for:					
Buildings and structures	1,939,423	141,854	-	-	2,081,277
Furniture and fixtures	318,273	15,321	3,989	-	329,605
Equipment and vehicles	1,443,491	93,006	227,645	-	1,308,852
Total accumulated depreciation	3,701,187	250,181	231,634	-	3,719,734
Total capital assets, being depreciated, net	3,357,321	(94,668)	-	-	3,262,653
<b>Governmental activities capital assets, net</b>	<b>\$ 4,043,372</b>	<b>\$ (94,668)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,948,704</b>

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2022

The following is a summary of changes in capital assets for business-type activities for the fiscal year June 30, 2022:

	Beginning Balance June 30, 2021	Increases	Decreases	Transfers	Ending Balance June 30, 2022
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 22,237	\$ -	\$ -	\$ -	\$ 22,237
Capital assets, being depreciated:					
Buildings	294,449	-	-	-	294,449
Furniture and fixtures	64,078	43,621	14,877	-	92,822
Equipment and vehicles	544,402	-	95,235	-	449,167
Wastewater treatment plant	2,449,605	75,668	42,626	-	2,482,647
Water system	2,678,074	66,402	-	-	2,744,476
Gas system	4,046,906	-	-	-	4,046,906
Sewer system	3,195,496	65,868	-	-	3,261,364
Construction in progress	-	110,419	-	-	110,419
Total capital assets, being depreciated	13,273,010	361,978	152,738	-	13,482,250
Less accumulated depreciation for:					
Buildings	195,369	8,849	-	-	204,218
Furniture and fixtures	59,718	10,585	14,877	-	55,426
Equipment and vehicles	506,417	23,001	95,235	-	434,183
Wastewater treatment plant	1,086,588	69,349	42,626	-	1,113,311
Water system	1,519,552	60,236	-	-	1,579,788
Gas system	1,215,688	101,075	-	-	1,316,763
Sewer system	1,121,520	68,999	-	-	1,190,519
Total accumulated depreciation	5,704,852	342,094	152,738	-	5,894,208
Total capital assets, being depreciated, net	7,568,158	19,884	-	-	7,588,042
<b>Business-type activities capital assets, net</b>	<b>\$ 7,590,395</b>	<b>\$ 19,884</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,610,279</b>

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

Depreciation expense was charged to government functions as follows:

General Government	\$ 124,521
Public Safety - Police Department	70,362
Roads and Drainage	41,400
Fleet Maintenance	5,785
Depot Welcoming Center	8,113
Total	<u>\$ 250,181</u>
<hr/>	
Water and Gas	\$ 190,388
Sewer	151,706
Total	<u>\$ 342,094</u>

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government	
<hr/>	
Capital outlay	\$ 155,513
Depreciation expense	(250,181)
Total adjustments	<u>\$ (94,668)</u>

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2022

## 7. Long Term Debt

The following is a summary of changes in long term debt for the year ended June 30, 2022:

Type of Debt	Balance at June 30, 2021	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at June 30, 2022	Amount due within One Year
<i>Governmental Activities:</i>					
Revenue bond 2011	\$ 1,755,000	\$ -	\$ 1,755,000	\$ -	\$ -
Revenue bond 2021	\$ -	\$ 1,645,000	\$ -	\$ 1,645,000	\$ 195,000
Other post employment benefits	913,418	-	345,869	567,549	-
Compensated absences	262,553	6,279	-	268,832	-
Net pension liabilities	4,472,838	-	1,922,767	2,550,071	-
Total governmental long-term debt	\$ 7,403,809	\$ 1,651,279	\$ 4,023,636	\$ 5,031,452	\$ 195,000
<i>Business-Type Activities:</i>					
Revenue bond	\$ 995,000	\$ -	\$ 95,000	\$ 900,000	\$ 96,000
Other post employment benefits	374,614	-	137,063	237,551	-
Compensated absences	167,018	-	25,219	141,799	-
Net pension liabilities	1,757,485	-	635,405	1,122,080	-
Total business-type activities debt	\$ 3,294,117	\$ -	\$ 892,687	\$ 2,401,430	\$ 96,000

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

### Governmental Activities:

As of June 30, 2022, the governmental long-term debt of the financial reporting entity consisted of the following:

#### Revenue Bonds

The City borrowed \$3,505,000 from Louisiana Local Environmental Facilities and Community Development Authority (the "Authority") on August 10, 2004 for the construction of a new city hall and related improvements. The loan was payable in annual installments of \$45,000 to \$245,000 plus interest at 4.0% to 5.2%. The bonds were refunded in November 2011 by the issuance of \$3,125,000 of new bonds. Payments were due in annual installments of \$135,000 to \$215,000 plus interest at 2.0% to 4.25%. The bonds were refunded in July 2021 by the issuance of \$1,645,000 of new bonds. Payments are due in annual installments of \$195,000 to \$215,000 plus interest at 1.5%. The bonds are due annually from July 1, 2022 to July 1, 2029. The balance at June 30, 2022 is \$1,645,000 and debt service requirements to maturity are as follows:

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 195,000	\$ 23,213
2024	200,000	20,250
2025	200,000	17,250
2026	205,000	14,213
2027	205,000	6,338
2028-2030	640,000	14,475
	<u>\$ 1,645,000</u>	<u>\$ 95,739</u>

There are a number of covenants and restrictions in the bond indenture noted above. The City is in compliance with all of the covenants related to the debt as of June 30, 2022.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

Business Activities:

As of June 30, 2022, the long term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds

On October 1, 2010, the City issued Revenue Bonds through the Louisiana Department of Environmental Quality in an amount not to exceed \$1,900,000 for the purpose of paying the costs of in-kind replacement of most mechanical and electrical equipment at its wastewater treatment plant and rehabilitating approximately 1,170 linear feet of its sewer system. Construction was completed on July 17, 2012. The bonds will mature in 20 years and bear interest and administrative fees at a combined rate of .95%, payable on April 1 and October 1 of each year. The City used \$1,813,000 of the approved total. The balance at June 30, 2022 is \$900,000 and debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 96,000	\$ 8,094
2024	97,000	7,177
2025	98,000	6,251
2026	99,000	5,315
2027	100,000	4,370
2028-2031	410,000	7,838
	<u>\$ 900,000</u>	<u>\$ 39,045</u>

There are a number of covenants and restrictions contained in the bond indenture noted above. The City is in compliance with all of the covenants related to the DEQ debt at June 30, 2022.

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2022

## 8. Interfund Receivables/Payables and Transfers

Amounts due from and to other funds as reported in the fund financial statements, at June 30, 2022, consist of the following:

Governmental Funds	Interfund Receivables	Interfund Payables	Net
General Fund	\$ 181,854	\$ 2,875	\$ 178,979
Lower Income Housing	580	-	580
	182,434	2,875	179,559
<b>Proprietary Funds</b>			
Water & Gas Fund	173,334	152,648	20,686
Sewer Fund	-	200,245	(200,245)
	173,334	352,893	(179,559)
	\$ 355,768	\$ 355,768	\$ -

The balances reflected in interfunds represent either routine charges for goods and services or permanent (non-loan) transfers from one fund to another. These balances are settled periodically. The amounts here represent activity since the last settlement.

For the year ended June 30, 2022, interfund transfers consisted of the following:

Governmental Funds	Transfers In	Transfers Out	Net
General Fund	\$ 5,089	\$ 219,675	\$ (214,586)
Lower Income Housing	-	5,089	(5,089)
Municipal Debt Service Fund	219,675	-	219,675
	224,764	224,764	-
<b>Proprietary Funds</b>			
Water & Gas Fund	100,760	-	100,760
Sewer Fund	-	100,760	(100,760)
	100,760	100,760	-
	\$ 325,524	\$ 325,524	\$ -

## 9. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

At June 30, 2022, there were various lawsuits and claims pending against the City. The outcome is not presently determinable and in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial position of the City.

## **10. Retirement Commitments**

The City provides pension benefits for all of its full-time employees through three separate cost sharing, multiple-employer public employee retirement systems. All full-time City employees, except police, are members in the Municipal Employees' Retirement System of the State of Louisiana (MERS). All full-time police are members of the Municipal Police Retirement System of Louisiana (MPERS). The City Court Judge is a member of the Louisiana State Employees' Retirement System (LASERS).

### ***Plan Description***

#### **MERS**

MERS 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, with exceptions outlined in the Louisiana Revised Statutes. The City participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:

- Any age with 25 or more years of creditable service
- Age 60 with a minimum of 10 years creditable service
- Any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

For members hired after January 1, 2013, benefits are provided to any member of Plan A meeting one of the following criteria:

- Age 67 with 7 or more years of creditable service
- Age 62 with 10 or more years of creditable service
- Age 55 with 30 or more years of creditable service
- Any age with 25 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Final compensation is the average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted. However,

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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

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

In lieu of terminating employment and accepting a service retirement allowance, any member 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 such period, employer contributions are payable but employee contributions cease. 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 a member 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.

Under Plan A, members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 29.50% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2022, 2021, and 2020 were \$466,706, \$464,048, and \$440,510, respectively, equal to the required contributions for each year.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

Contributions to the System also include 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The System also receives revenue sharing funds each year as appropriated by the Legislature.

### MPERS

MPERS membership is mandatory for any full-time police officer employed by a municipality of the state and engaged in law enforcement, empowered to make arrests, provided that the officer is not required to pay Social Security, and otherwise meets statutory criteria. For members hired before January 1, 2013, the plan provides retirement benefits to any member who has:

- 25 years of creditable service, or
- 20 years of creditable service who has attained age 50, or
- 12 years of service who has attained age 55, or
- 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3 % of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

For members hired after January 1, 2013, benefits are based on the Hazardous Duty sub-plan or the Nonhazardous Duty sub-plan. Under the Hazardous Duty sub-plan, a member is eligible for benefits after:

- 25 years of creditable service at any age, or
- 12 years of creditable service at age 55.

Under the Nonhazardous Duty sub-plan, a member is eligible for benefits after:

- 30 years of creditable service at any age, or
- 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 20 years of creditable service at any age with an actuarially reduced benefit from age 55. Benefit rates are 3% and 2.5%, respectively, of average final compensation (average monthly earnings during the

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

highest 60 consecutive months or joined months if service was interrupted) times the number of years of creditable service, not to exceed 100% of final salary.

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

In lieu of terminating employment and accepting a service retirement allowance, any member 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 such period, both employer and employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return less one-half percentage point on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, 2021, employer contributions were 33.75% for employees hired prior to January 1, 2013 and for Hazardous Duty employees hired after January 1, 2013. For Nonhazardous duty employees hired after January 1, 2013, employer contributions were 33.75%.

The plan also receives insurance premium tax monies appropriated by the state legislature as additional employer contributions and considered support from a non-employer contributing entity, but not considered a special funding situation.

Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 29.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2022, 2021, and 2020 were \$255,180, \$266,041, and \$270,340, respectively, equal to the required contributions for each year.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

### LASERS

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

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

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

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

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

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

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

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

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs),

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers.

For the year ended June 30, 2022 employer contributions were 43.70% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. The City's contributions to the System for the years ended June 30, 2022, 2021, and 2020 were \$12,405, \$12,101, and \$12,087, respectively, equal to the required contributions for each year.

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

Net pension liability at June 30, 2022, is comprised of the City's proportional share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer (MERS, MPERS and LASERS) The net pension liability for each plan was measured as of June 30, 2021, 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 for each of the cost-sharing plans in which it participates was based on the City's required contributions in proportion to total required contributions for all participating employers, actuarially determined. As of the most recent measurement date for each plan, the City's proportion for each cost-sharing plan and the change in proportion from the prior measurement date were as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>LASERS</u>
Proportion (amount) of net pension liability	\$ 2,223,200	\$ 1,366,832	\$ 82,119
Proportion (%) of net pension liability	0.7993%	0.2564%	0.0015%
Increase/(Decrease) from prior measurement date	-0.0385%	-0.0129%	0.0001%

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2022

For the year ended June 30, 2022, the City recognized pension expense as follows:

	2022
MERS	\$ (380,047)
MPERS	(29,827)
LASERS	(23,301)
	<u>\$ (433,175)</u>

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			
	MERS	MPERS	LASERS	Total
Differences between expected and actual experience	\$ 801	\$ -	\$ 81	\$ 882
Changes of assumptions	81,245	151,369	2,011	234,625
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-	2,083	2,083
City contributions subsequent to the measurement date	466,706	255,180	12,405	734,291
Total	<u>\$ 548,752</u>	<u>\$ 406,549</u>	<u>\$ 16,580</u>	<u>\$ 971,881</u>

	Deferred Inflows of Resources			
	MERS	MPERS	LASERS	Total
Differences between expected and actual experience	\$ 25,423	\$ 42,094	\$ -	\$ 67,517
Changes of assumptions	-	38,990	-	38,990
Net difference between projected and actual earnings on pension plan investments	-	638,203	19,151	657,354
Changes in proportion and differences between City contributions and proportionate share of contributions	203,380	209,270	-	412,650
Total	<u>\$ 228,803</u>	<u>\$ 928,557</u>	<u>\$ 19,151</u>	<u>\$ 1,176,511</u>

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

The deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date totaling \$734,291 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and all amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year</b>	<b>MERS</b>	<b>MPERS</b>	<b>LASERS</b>	<b>Total</b>
2023	\$ (350,734)	\$ (295,721)	\$ (1,231)	\$ (647,686)
2024	(223,566)	(317,654)	(2,951)	(544,171)
2025	(161,488)	(175,073)	(4,351)	(340,912)
2026	(212,034)	(219,877)	(8,525)	(440,436)
<b>Total</b>	<b>\$ (947,822)</b>	<b>\$ (1,008,325)</b>	<b>\$ (17,058)</b>	<b>\$ (1,973,205)</b>

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2022

## Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	MERS	MPERS	LASERS
Inflation	2.50%	2.50%	2.30%
Salary Increases	vary from 6.4% for first 4 years to 4.5% after 4 years of service	vary from 12.3% for first 2 years of service to 4.7% after 3 years	projected based on a 2014-2018 experience study of system members (2.6%- 5.1%)
Investment rate of return	6.850%, net of pension plan investment expense, including inflation	6.750 %, net of investment expense	7.40% per annum, net of investment expenses
Actuarial cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Expected remaining Service Lives	3 years	4 years	2 years
Mortality	<p><b>Annuitant and beneficiary mortality</b> - PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p><b>Employee mortality</b> - PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p><b>Disabled lives mortality</b> - PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.</p>	<p>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.</p>	<p><b>Non-disabled members</b> - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale CP-2018.</p> <p><b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2022

<p>Cost of Living Adjustments</p>	<p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p>	<p>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.</p>	<p>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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.</p>
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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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b><u>MERS</u></b>		
Public equity	53.00%	2.31%
Public fixed income	38.00%	1.65%
Alternatives	9.00%	0.39%
Totals	100.00%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%
<b><u>MPERS</u></b>		
Equity	55.50%	3.48%
Fixed Income	30.50%	0.59%
Alternatives	14.00%	1.01%
Totals	100.00%	5.08%
Inflation		2.22%
Expected Arithmetic Nominal Return		7.30%
<b><u>LASERS</u></b>		
Cash	1.00%	-0.29%
Domestic equity	31.00%	4.09%
International equity	23.00%	5.12%
Domestic Fixed Income	3.00%	0.49%
International Fixed Income	18.00%	3.94%
Alternative Investments	24.00%	6.93%
Totals	100.00%	5.81%
Inflation		2.30%
Expected Geometric Nominal Return		8.11%

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

## Discount Rate

### MERS

The discount rate used to measure the total pension liability was 6.85% for the years ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, 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.

### MPERS

The discount rate used to measure the total pension liability was 6.75%. 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.

### LASERS

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2022*

## Sensitivity of the City's Proportionate Shares of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the City's proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the City's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
MERS (current rate 6.85%)	\$ 3,292,673	\$ 2,223,200	\$ 1,319,882
MPERS (current rate 6.75%)	2,382,172	1,366,832	519,366
LASERS (current rate 7.40%)	111,265	82,119	57,320
	<u>\$ 5,786,110</u>	<u>\$ 3,672,151</u>	<u>\$ 1,896,568</u>

### Pension Plan Fiduciary Net Position:

Detailed information about the plans' fiduciary net position is available in the separately issued financial statements of the plans.

### Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. The City recognized revenue as a result of support received from MERS of \$59,642 and MPERS of \$57,302.

## 11. Post-Employment Health Care and Life Insurance Benefits

### *General Information about the OPEB Plan*

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

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## CITY OF PORT ALLEN, LOUISIANA

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### *Notes to Financial Statements, Continued*

*June 30, 2022*

*Benefits Provided* – Benefits are provided through comprehensive plans and are made available to employees upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Firefighters' Retirement System of Louisiana, and, third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police systems have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. For each system, employees hired on and after January 1, 2013 must meet the following retirement (D.R.O.P. entry) requirements: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. Notwithstanding this there is a minimum service requirement of 25 years for benefits.

*Employees covered by benefit terms* – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	40
Total	<u>47</u>

### **Total OPEB Liability**

The City's total OPEB liability of \$805,101 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs* – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.0% including inflation
Prior discount rate	2.16%
Discount rate	3.54%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.5% annually until year 2032, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2022, the end of the applicable measurement period.

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2022

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2022.

## Changes in Total OPEB Liability

Balance at June 30, 2021	\$ 1,288,032
Changes for the year	
Service cost	10,918
Interest	27,939
Differences between expected and actual experience	(250,264)
Changes in assumptions	(247,548)
Benefit payments and net transfers	(23,977)
Net changes	<u>(482,932)</u>
Balance at June 30, 2022	<u>\$ 805,100</u>

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1.0% Decrease (2.54%)	Current Discount Rate (3.54%)	1.0% Increase (4.54%)
Total OPEB Liability	\$ 924,952	\$ 805,100	\$ 708,538

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 708,392	\$ 805,100	\$ 924,318

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# CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, Continued

June 30, 2022

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

For the year ended June 30, 2022, the City recognized OPEB expense of (\$125,984). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,613	\$ 585,263
Changes in assumptions	288,148	223,790
Total	<u>\$ 392,761</u>	<u>\$ 809,053</u>

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

Year Ending June 30:	
2023	\$ (164,842)
2024	(164,842)
2025	(164,842)
2026	15,835
2027	6,934
Thereafter	55,465

### 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City purchases commercial insurance policies at levels which management believes is adequate to protect the City. The City did not have any claims in excess of the commercial insurance coverage for the year ended June 30, 2022.

### 13. On-Behalf Payments

Included in intergovernmental revenue and salary expense are supplemental salary payments to police officers, which were paid directly to them from the State of Louisiana. The payments to police officers were \$77,426 for the year ended June 30, 2022.

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## **CITY OF PORT ALLEN, LOUISIANA**

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*Notes to Financial Statements, Continued*

*June 30, 2022*

### **14. Restrictions of Fund Balances and Net Position**

On January 11, 2006, the City Council passed Ordinance No. 1 of 2006, which restricted \$2,500,000 of the fund balance of the General Fund to assist the City in meeting extraordinary expenses and obligations in the event of a potential future decrease in sales tax revenue. The same ordinance also restricted \$900,000 of the net position of the Water and Gas Fund to assist the City in meeting extraordinary expenses and obligations due to unanticipated costs regarding the operation and maintenance of the City's water and gas system.

### **15. Municipal Securities Disclosure**

To comply with SEC rule 15c2-12 filings, the City files annual financial information and operating data on the Municipal Securities Rulemaking Board website. There have been no significant events that were required to be reported. Copies of the filings can be viewed at <http://emma.msrb.org/continuingdisclosurereview>.

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual  
General Fund*

*Year Ended June 30, 2022*

	Original Budget	Revised Budget	Actual Basis	Adjustment to Budget Basis	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$ 879,250	\$ 879,250	\$ 947,798	\$ -	\$ 947,798	\$ 68,548
Licenses and permits	321,500	321,500	333,756	-	333,756	12,256
Intergovernmental	3,145,300	3,145,300	4,393,855	-	4,393,855	1,248,555
Charges for services	572,700	572,700	585,733	-	585,733	13,033
Fines and forfeitures	50,000	50,000	31,843	-	31,843	(18,157)
Investment earnings	50,000	50,000	27,036	-	27,036	(22,964)
Miscellaneous	29,000	29,000	59,800	-	59,800	30,800
Total revenues	5,047,750	5,047,750	6,379,821	-	6,379,821	1,332,071
<b>Expenditures</b>						
Current						
General government	819,846	819,846	826,174	-	826,174	(6,328)
Public safety	2,054,732	2,054,732	1,813,702	-	1,813,702	241,030
Roads and drainage	1,615,808	1,615,808	1,414,088	-	1,414,088	201,720
Depot welcome center	18,100	18,100	6,647	-	6,647	11,453
Sanitation	576,000	576,000	603,012	-	603,012	(27,012)
Health	80,000	80,000	68,404	-	68,404	11,596
Community development	194,052	194,052	149,694	-	149,694	44,358
Fleet maintenance	142,151	142,151	159,197	-	159,197	(17,046)
Capital outlay						
General government	43,621	53,871	48,668	-	48,668	5,203
Public safety	101,968	191,668	105,563	-	105,563	86,105
Roads and drainage	103,862	103,862	33,150	-	33,150	70,712
Fleet maintenance	21,200	21,200	-	-	-	21,200
Total expenditures	5,771,340	5,871,290	5,228,299	-	5,228,299	642,991
Excess (Deficiency) of Revenues Over Expenditures	(723,590)	(823,540)	1,151,522	-	1,151,522	1,975,062
<b>Other Financing Sources (Uses)</b>						
Operating transfers (out)	(238,575)	(238,575)	(214,586)	-	(214,586)	23,989
Total other financing sources (uses)	(238,575)	(238,575)	(135,832)	-	(135,832)	102,743
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (962,165)	\$ (1,062,115)	1,015,690	\$ -	\$ 1,015,690	\$ 2,077,805
<b>Fund Balance</b>						
Beginning			8,339,565			
Ending			\$ 9,355,255			

**CITY OF PORT ALLEN, LOUISIANA***Schedule of Revenues and Other Financing*

Year Ended June 30, 2022

*Sources - Budget and Actual  
General Fund*

	Original Budget	Revised Budget	Actual Basis	Adjustment To Budget Basis	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
<b>Taxes</b>						
Ad valorem	\$ 559,250	\$ 559,250	\$ 581,236	\$ -	\$ 581,236	\$ 21,986
Franchise	320,000	320,000	366,562	-	366,562	46,562
Total taxes	879,250	879,250	947,798	-	947,798	68,548
<b>Licenses and permits</b>						
Business licenses and permits						
Professional and occupational	321,500	321,500	333,756	-	333,756	12,256
Total licenses and permits	321,500	321,500	333,756	-	333,756	12,256
<b>Intergovernmental</b>						
State shared revenues						
Alcoholic beverage tax	13,000	13,000	12,988	-	12,988	(12)
Video poker	8,000	8,000	8,884	-	8,884	884
Operating grant	5,300	5,300	63,189	-	63,189	57,889
On behalf payments	114,000	114,000	77,426	-	77,426	(36,574)
West Baton Rouge Parish shared revenues						
General sales and use tax	3,000,000	3,000,000	4,228,618	-	4,228,618	1,228,618
Subpoena reimbursements	5,000	5,000	2,750	-	2,750	(2,250)
Total intergovernmental	3,145,300	3,145,300	4,393,855	-	4,393,855	1,248,555
<b>Charges for services</b>						
Public safety - protective inspection fees	6,000	6,000	6,631	-	6,631	631
Sanitation - refuse collection charges	566,700	566,700	579,102	-	579,102	12,402
Total charges for services	572,700	572,700	585,733	-	585,733	13,033
<b>Fines and forfeitures</b>	50,000	50,000	31,843	-	31,843	(18,157)
<b>Investment earnings</b>	50,000	50,000	27,036	-	27,036	(22,964)
<b>Miscellaneous</b>	29,000	29,000	59,800	-	59,800	30,800
Total revenues	5,047,750	5,047,750	6,379,821	-	6,379,821	1,332,071
<b>Other Financing Sources</b>						
Sales of general fixed assets	-	-	78,754	-	78,754	78,754
Operating transfers out	(238,575)	(238,575)	(214,586)	-	(214,586)	23,989
Total other financing sources	(238,575)	(238,575)	(135,832)	-	(135,832)	102,743
Total revenues and other financing sources	\$ 4,809,175	\$ 4,809,175	\$ 6,243,989	\$ -	\$ 6,243,989	\$ 1,434,814

**CITY OF PORT ALLEN, LOUISIANA***Schedule of Expenditures and Other Financing*

Year Ended June 30, 2022

*Uses - Budget and Actual**General Fund*

	Original Budget	Revised Budget	Actual Basis	Adjustment To Budget Basis	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
<b>Current</b>						
General government						
Legislative						
Personal services	\$ 41,385	\$ 41,385	\$ 36,479	\$ -	\$ 36,479	\$ 4,906
Judicial						
Personal services	129,579	129,579	135,209	-	135,209	(5,630)
Other services and charges	14,255	14,255	12,694	-	12,694	1,561
Executive						
Personal services	58,074	58,074	58,235	-	58,235	(161)
Administrative						
Personal services	336,453	336,453	320,865	-	320,865	15,588
Supplies	11,900	11,900	7,618	-	7,618	4,282
Other services and charges	228,200	228,200	255,074	-	255,074	(26,874)
Total general government	819,846	819,846	826,174	-	826,174	(6,328)
Public safety						
Police						
Personal services	1,679,651	1,679,651	1,424,228	-	1,424,228	255,423
Supplies	110,750	110,750	108,772	-	108,772	1,978
Other services and charges	201,050	201,050	219,347	-	219,347	(18,297)
Protective inspection						
Other services and charges	63,281	63,281	61,355	-	61,355	1,926
Total public safety	2,054,732	2,054,732	1,813,702	-	1,813,702	241,030
Roads and drainage						
Personal services	696,908	696,908	651,250	-	651,250	45,658
Supplies	174,700	174,700	91,987	-	91,987	82,713
Other services and charges	744,200	744,200	670,851	-	670,851	73,349
Total roads and drainage	1,615,808	1,615,808	1,414,088	-	1,414,088	201,720

**CITY OF PORT ALLEN, LOUISIANA****Schedule of Expenditures and Other Financing**

Year Ended June 30, 2022

**Uses - Budget and Actual****General Fund, Continued**

	Original Budget	Revised Budget	Actual Basis	Adjustment To Budget Basis	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
Depot Welcome Center						
Supplies	2,100	2,100	-	-	-	2,100
Other services and charges	16,000	16,000	6,647	-	6,647	9,353
Total depot welcome center	18,100	18,100	6,647	-	6,647	11,453
Sanitation						
Other services and charges	576,000	576,000	603,012	-	603,012	(27,012)
Animal control						
Other services and charges	80,000	80,000	68,404	-	68,404	11,596
Community development						
Personal services	77,552	77,552	75,731	-	75,731	1,821
Other services and charges	116,500	116,500	73,963	-	73,963	42,537
Total community development	194,052	194,052	149,694	-	149,694	44,358
Fleet maintenance						
Personal services	129,086	129,086	134,013	-	134,013	(4,927)
Supplies	5,500	5,500	8,114	-	8,114	(2,614)
Other services and charges	7,565	7,565	17,070	-	17,070	(9,505)
Total fleet maintenance	142,151	142,151	159,197	-	159,197	(17,046)
Total current expenditures	5,500,689	5,500,689	5,040,918	-	5,040,918	459,771
<b>Capital Outlay</b>						
General government	43,621	53,871	48,668	-	48,668	5,203
Police	101,968	191,668	105,563	-	105,563	86,105
Roads and drainage	103,862	103,862	33,150	-	33,150	70,712
Fleet maintenance	21,200	21,200	-	-	-	21,200
Total capital outlay expenditures	270,651	370,601	187,381	-	187,381	183,220
Total Expenditures	\$ 5,771,340	\$ 5,871,290	\$ 5,228,299	\$ -	\$ 5,228,299	\$ 642,991

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual*  
*Low Income Housing Fund*

*Year Ended June 30, 2022*

	Original Budget	Revised Budget	Actual	Adjustment To Budget Basis	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
<b>Revenues</b>						
Intergovernmental	\$ 593,000	\$ 593,000	\$ 774,036	\$ -	\$ 774,036	\$ 181,036
Investment earnings	-	-	136	-	136	136
Total revenues	<u>593,000</u>	<u>593,000</u>	<u>774,172</u>	-	<u>774,172</u>	<u>181,172</u>
<b>Expenditures</b>						
Current						
Housing assistance payments	596,000	596,000	732,021	-	732,021	(136,021)
Total expenditures	<u>596,000</u>	<u>596,000</u>	<u>732,021</u>	-	<u>732,021</u>	<u>(136,021)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(3,000)</u>	<u>(3,000)</u>	<u>42,151</u>	-	<u>42,151</u>	<u>45,151</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers out	-	-	(5,089)	-	-	(5,089)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,089)</u>	-	<u>-</u>	<u>(5,089)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>37,062</u>			<u>\$ 40,062</u>
<b>Fund Balance</b>						
Beginning			<u>36,760</u>			
Ending			<u>\$ 73,822</u>			

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Municipal Complex Debt Service Fund*

*Year Ended June 30, 2022*

	Original Budget	Revised Budget	Actual Amounts GAAP Basis	Nonbudgeted Items and Adjustments	Actual (Budgetary Basis)	Variance - Favorable (Unfavorable)
<b>Revenues</b>						
Investment earnings	\$ -	\$ -	\$ 445	\$ -	\$ 445	\$ 445
Total revenues	-	-	445	-	445	445
<b>Expenditures</b>						
Debt service						
Principal	175,000	175,000	1,755,000	(1,585,000) <sup>(1)</sup>	170,000	5,000
Interest and other charges	66,575	66,575	91,002	-	91,002	(24,427)
Total expenditures	241,575	241,575	1,846,002	(1,585,000)	261,002	(19,427)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(241,575)</b>	<b>(241,575)</b>	<b>(1,845,557)</b>	<b>1,585,000</b>	<b>(260,557)</b>	<b>(18,982)</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	238,575	238,575	219,675	-	219,675	(18,900)
Refunding bonds issued	-	-	1,645,000	(1,645,000) <sup>(1)</sup>	-	-
Total other financing sources (uses)	238,575	238,575	1,864,675	(1,645,000)	219,675	(18,900)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>\$ (3,000)</b>	<b>\$ (3,000)</b>	<b>19,118</b>			<b>\$ (37,882)</b>
<b>Fund Balance</b>						
Beginning			293,084			
Ending			<u>\$ 312,202</u>			

Explanation of differences

(1) Refunding of bonds was netted for budgetary purposes

**CITY OF PORT ALLEN, LOUISIANA****Schedule of Changes in Net OPEB Liability and Related Ratios**

Year Ended June 30, 2022

	2018	2019	2020	2021	2022
<b>Total OPEB Liability</b>					
Service cost	\$ 32,288	\$ 29,610	\$ 45,752	\$ 12,420	\$ 10,918
Interest	49,170	51,657	53,823	27,476	27,939
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	753	97,474	(795,135)	44,298	(250,264)
Changes of assumptions	(52,794)	69,540	457,795	9,110	(247,548)
Benefit payments	(50,579)	(53,361)	(40,114)	(42,320)	(23,977)
Net Change in total OPEB liability	(21,162)	194,920	(277,879)	50,984	(482,932)
Total OPEB liability - beginning	1,341,169	1,320,007	1,514,927	1,237,048	1,288,032
Total OPEB liability - ending	<u>\$ 1,320,007</u>	<u>\$ 1,514,927</u>	<u>\$ 1,237,048</u>	<u>\$ 1,288,032</u>	<u>\$ 805,100</u>
Covered-employee payroll	\$ 2,478,512	\$ 2,552,867	\$ 2,516,963	\$ 2,592,472	\$ 1,720,164
Net OPEB liability as a percentage of covered-employee payroll	53.26%	59.34%	49.15%	49.68%	46.80%
<b>Notes to Schedule:</b>					
<i>Benefit Changes:</i>	None	None	None	None	None
<i>Changes of Assumptions:</i>					
<i>Discount Rate:</i>	3.87%	3.50%	2.21%	2.16%	3.54%
<i>Mortality:</i>	RP-2000	RP-2000	RP-2014	RP-2014	RP-2014
<i>Trend:</i>	5.50%	5.50%	4.5% to 5.5%	4.5% to 5.5%	4.5% to 5.5%

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

**CITY OF PORT ALLEN, LOUISIANA***Schedule of Employer's Proportionate Share of the Net Pension Liability**Year Ended June 30, 2022*

<b>Fiscal Year*</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered-Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a % of the Total Pension Liability</b>
<b><u>MERS:</u></b>					
2022	0.7993%	\$ 2,223,200	\$ 1,572,878	141.35%	77.82%
2021	0.8378%	\$ 3,622,109	\$ 1,587,425	228.18%	64.52%
2020	0.8985%	\$ 3,754,343	\$ 1,642,564	228.57%	64.68%
2019	0.8261%	\$ 3,420,800	\$ 1,496,137	228.64%	65.60%
2018	0.8436%	\$ 3,529,114	\$ 1,522,191	231.84%	62.49%
2017	0.7310%	\$ 3,216,663	\$ 1,389,278	231.53%	63.34%
2016	0.8579%	\$ 3,064,467	\$ 1,445,919	211.94%	66.18%
2015	0.8872%	\$ 2,277,039	\$ 1,358,443	167.62%	73.99%
2014	0.8452%	\$ 2,619,595	\$ 1,385,941	189.01%	76.94%
<b><u>MPERS:</u></b>					
2022	0.2564%	\$ 1,366,832	\$ 816,421	167.42%	84.09%
2021	0.2693%	\$ 2,489,034	\$ 831,816	299.23%	70.94%
2020	0.3055%	\$ 2,774,297	\$ 931,120	297.95%	71.01%
2019	0.3054%	\$ 2,581,667	\$ 901,206	286.47%	71.89%
2018	0.3119%	\$ 2,723,255	\$ 942,977	288.79%	70.08%
2017	0.3303%	\$ 3,095,551	\$ 925,154	334.60%	66.04%
2016	0.3203%	\$ 2,508,989	\$ 856,704	292.87%	70.73%
2015	0.3122%	\$ 1,953,311	\$ 783,023	249.46%	75.10%
2014	0.2527%	\$ 2,018,469	\$ 730,526	276.30%	66.71%
<b><u>LASERS:</u></b>					
2022	0.0015%	\$ 82,119	\$ 28,509	288.05%	63.70%
2021	0.0014%	\$ 119,180	\$ 28,508	418.06%	72.80%
2020	0.0015%	\$ 108,167	\$ 14,254	0.00%	58.00%
2019	0.0000%	\$ -	\$ -	0.00%	64.30%
2018	0.0000%	\$ -	\$ -	0.00%	63.70%
2017	0.0000%	\$ -	\$ 19,846	0.00%	62.61%
2016	0.0015%	\$ 104,607	\$ 28,508	366.94%	62.66%
2015	0.0016%	\$ 99,108	\$ 28,506	347.66%	65.02%
2014	0.0016%	\$ 116,700	\$ 26,316	443.46%	58.64%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

\*The amounts presented have a measurement date of the previous fiscal year end.

## CITY OF PORT ALLEN, LOUISIANA

### Schedule of Employer's Pension Contributions

Year Ended June 30, 2022

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered' Employee Payroll
<b><u>MERS:</u></b>					
2022	\$ 466,706	\$ 466,706	\$ -	\$ 1,582,055	29.50%
2021	\$ 464,048	\$ 464,048	\$ -	\$ 1,572,878	29.50%
2020	\$ 440,510	\$ 440,510	\$ -	\$ 1,587,425	27.75%
2019	\$ 427,066	\$ 427,066	\$ -	\$ 1,642,564	26.00%
2018	\$ 370,294	\$ 370,294	\$ -	\$ 1,496,137	24.75%
2017	\$ 346,299	\$ 346,299	\$ -	\$ 1,522,191	22.75%
2016	\$ 274,382	\$ 274,382	\$ -	\$ 1,389,278	19.75%
2015	\$ 285,569	\$ 285,569	\$ -	\$ 1,445,919	19.75%
2014	\$ 254,708	\$ 254,708	\$ -	\$ 1,358,443	18.75%
2013	\$ 235,610	\$ 235,610	\$ -	\$ 1,385,941	17.00%
<b><u>MPERS:</u></b>					
2022	\$ 255,180	\$ 255,180	\$ -	\$ 857,749	29.75%
2021	\$ 275,542	\$ 266,041	\$ 9,501	\$ 816,421	32.59%
2020	\$ 270,340	\$ 270,340	\$ -	\$ 831,816	32.50%
2019	\$ 300,287	\$ 300,287	\$ -	\$ 931,120	32.25%
2018	\$ 286,133	\$ 286,133	\$ -	\$ 901,206	31.75%
2017	\$ 299,395	\$ 299,395	\$ -	\$ 942,977	31.75%
2016	\$ 272,921	\$ 272,921	\$ -	\$ 925,154	29.50%
2015	\$ 269,862	\$ 269,862	\$ -	\$ 856,704	31.50%
2014	\$ 242,737	\$ 242,737	\$ -	\$ 783,023	31.00%
2013	\$ 226,463	\$ 226,463	\$ -	\$ 730,526	31.00%
<b><u>LASERS:</u></b>					
2022	\$ 12,458	\$ 12,405	\$ 53	\$ 28,508	43.51%
2021	\$ 12,101	\$ 12,101	\$ -	\$ 28,509	42.45%
2020	\$ 12,087	\$ 12,087	\$ -	\$ 28,508	42.40%
2019	\$ 5,766	\$ 5,766	\$ -	\$ 14,254	40.10%
2018	\$ -	\$ -	\$ -	\$ -	40.10%
2017	\$ -	\$ -	\$ -	\$ -	38.10%
2016	\$ 7,561	\$ 7,561	\$ -	\$ 19,846	38.10%
2015	\$ 11,831	\$ 11,831	\$ -	\$ 28,508	41.50%
2014	\$ 10,348	\$ 10,348	\$ -	\$ 28,506	36.30%
2013	\$ 9,158	\$ 9,158	\$ -	\$ 26,316	34.80%

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## **CITY OF PORT ALLEN, LOUISIANA**

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*Notes to Required Supplementary Schedules*

*For the Year Ended June 30, 2022*

*Schedule of Employer's Proportionate Share of the  
Net Pension Liability and Schedule of Employer's  
Pension Contributions*

### **LASERS, MERS, MPERS**

#### *Changes of Benefit Terms or Assumptions*

There were no changes of benefit terms or assumptions for the year ended June 30, 2022.

#### *Other Changes in Assumptions*

There were changes in assumptions related to inflation, salary increases, discount rate, mortality and disability rates and other actuarial assumptions, however none of those changes affected benefit terms or assumptions for the year ended June 30, 2022.

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**CITY OF PORT ALLEN, LOUISIANA**

*Other Supplementary Information*

*June 30, 2022*

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Compensation Paid to City Council*

*Year Ended June 30, 2022*

**Council Member**

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Brandon Brown	\$ 12,900
Charlene Gordon	12,000
Garry Hubble	12,000
Clerice Lacy	12,000
Hugh Riviere	12,000
	<u>\$ 60,900</u>

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Compensation Paid to Mayor*

*Year Ended June 30, 2022*

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**Agency Head Name: Mayor Richard Lee**

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<b>Purpose</b>	
Salary	\$ 84,960
Benefits - retirement	25,063
Car allowance	4,800
Clothing allowance	325
Reimbursements	168
Conference travel	40
	<u>\$ 115,356</u>

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**CITY OF PORT ALLEN, LOUISIANA**

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*Justice System Funding Schedule - Receiving Entity*

*Year Ended June 30, 2022*

<b>Cash Basis Presentation</b>	<b>First Six Month Period Ended 12/31/2021</b>	<b>Second Six Month Period Ended 6/30/2022</b>
<b>Receipts From:</b>		
City Court of Port Allen, Criminal Court Costs/Fees	<b>14,751</b>	<b>17,737</b>

## CITY OF PORT ALLEN, LOUISIANA

### Schedule of Insurance in Force

Year Ended June 30, 2022

Western Surety Co	Fidelity Bond - Mayor - R. Lee	\$50,000 employee faithful performance bond	6/30/2021-6/30/2022
Western Surety Co	Fidelity Bond - Finance Director - A. McCain	\$50,000 employee faithful performance bond	6/30/2021-6/30/2022
Western Surety Co	Fidelity Bond - Chief Admn Officer - L. Joseph	\$50,000 employee faithful performance bond	6/30/2021-6/30/2022
Travelers Casualty and Surety Company of	Fidelity Bond - Brandon Brown	\$50,000 employee faithful performance bond	1/1/2021-1/1/2025
Travelers Casualty and Surety Company of	Fidelity Bond - Municipal Clerk - R. Roche'	\$50,000 employee faithful performance bond	1/1/2021-1/1/2025
Travelers Casualty and Surety Company of	Fidelity Bond - Police Chief - C. Hicks	\$50,000 employee faithful performance bond	1/1/2021-1/1/2025
Louisiana Municipal Risk Management Agency	Workers Compensation	Statutory	7/1/2021-6/30/2022
Rod Prejean & Associates	Auto physical damage	ACV with a \$250 comprehensive deductible and a \$500 collision deductible	7/1/2021-6/30/2022
EMC Insurance Co	Business Protection - Inland Marine	\$256,000 maximum w/ \$1,000 deductible	7/1/2021-6/30/2022
EMC Insurance Co	Business Protection - Property	DPW buildings \$293,800; contents \$457,000; WWTP buildings \$47,200, contents \$18,000; Water Well buildings \$94,200; Depot building, \$82,700, City Court contents \$5,000; City Hall building \$2,500,000, contents \$90,000; 90% co-insurance. \$1,000 deductible per occurrence on all covered losses except 5% on windstorm or hail.	7/1/2021-6/30/2022
Louisiana Municipal Risk Management Agency	Auto & Commercial General liability, Errors and Omissions, Law Enforcement Officer	All risks \$500,000 Combined Single Limit	7/1/2021-6/30/2022

**CITY OF PORT ALLEN, LOUISIANA*****Schedule of Statistical Data******Year Ended June 30, 2022***

Number of sewer customers for the year ended June 30, 2022	2,462
User fee in effect at June 30, 2022:	
First 2,000 gallons of water used	20.40
Every 1,000 gallons of water in excess of 2,000 gallons	3.55
Total sewer revenue	1,002,286
Average monthly bill per user	33.93



Certified  
Public  
Accountants

Business  
Advisors

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Honorable Mayor and Members of the City Council  
City of Port Allen, Louisiana

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, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Port Allen, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Port Allen, Louisiana's basic financial statements, and have issued our report thereon dated December 22, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Port Allen, Louisiana'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 Port Allen, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Port Allen, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of findings and responses* as item 2022-001 that we consider to be a material weakness.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City of Port Allen'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying *schedule of findings and responses* as items 2022-002, 2022-003, 2022-004, and 2022-005.

### **City of Port Allen's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Port Allen's response to the findings identified in our audit and described in the accompanying *schedule of findings and responses*. City of Port Allen's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, Louisiana  
December 22, 2022

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Findings and Responses*

*Year Ended June 30, 2022*

*Section I – Summary of Auditor’s Results*

*Financial Statements.*

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

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# CITY OF PORT ALLEN, LOUISIANA

## *Schedule of Findings and Responses, Continued*

*Year Ended June 30, 2022*

### Section II – Financial Statement Findings

#### Internal Control Findings

##### *Item 2022-001 Timely Account Reconciliation*

*Criteria.* Significant accounts should be reconciled timely and someone independent of the individual who prepares account reconciliations should be responsible for reviewing them.

*Condition.* Many significant accounts were not reconciled from subsidiary ledger or supporting workpaper to the general ledger until year-end in preparation for the audit.

*Effect.* Numerous adjustments were identified subsequent to year-end. Therefore, financial information utilized in the management of the City financial affairs was incomplete.

*Cause.* The City's CFO became ill and took an extended leave of absence, therefore, her duties were not being attended to for an extended period of time.

*Recommendation.* Management should identify significant accounts requiring reconciliation, clearly identify who is responsible, provide for back up should the person responsible be unable to perform such duties, identify persons responsible for their review, and what is an acceptable period to go unreconciled. The City should put in place contingency plans to fulfill key roles and responsibilities.

*Management's Response.* During 2022, the City's long time CFO was on extended leave for most of the fiscal year and subsequently retired. The City hired an external CPA firm in February 2022 to assist with account reconciliation and general ledger maintenance. At that time, all account reconciliations had to be prepared for most of the fiscal year since the CFO was out for a large portion of the year. As a result, the reconciliations were time consuming and required significant time to get on a current basis. Account reconciliations for fiscal year 2023 are being done monthly and timely at this time. As a result, this matter is considered resolved in fiscal year 2023 for significant general ledger accounts.

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## CITY OF PORT ALLEN, LOUISIANA

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### *Schedule of Findings and Responses, Continued*

*Year Ended June 30, 2022*

#### *Compliance Findings*

##### *Item 2022-002 Prohibited Use of Public Funds – Donation of Property*

*Criteria.* Per Article VII, §14 of the Louisiana Constitution “except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private”.

*Condition.* Management authorized the sidewalk installation at North 11<sup>th</sup> and Michigan Street which varied from traditional specifications approved and budgeted by the council without getting council approval.

*Potential Effect.* The City may be in violation of Article VII, §14 of the Louisiana Constitution. It could be argued that the property owner incurred a benefit.

*Cause.* The scope of work being performed by the City on the property at North 11<sup>th</sup> and Michigan Street was changed to address increase risk of flooding. The sidewalk width was increased such that a portion extended past the City’s servitude onto private property without the property owner contributing to cost of work performed.

*Recommendation.* Approval for projects requiring modification outside the normal scope of work approved in the budgeting process and affecting private property, should be brought to the council for consideration of legality and approval.

*Management’s Response.* Management recognizes that the City is prohibited, under Article VII, Section 14 of the Louisiana Constitution of 1974, from donating public funds or things of value. Management, however, disagrees with the assertion that any work performed on private property automatically amounts to a violation of Article VII, Section 14, as numerous opinions from the Attorney General’s Office have confirmed such assertions to be inaccurate. For example, in Attorney General Opinion No. 12-0233, the Village of Moreauville requested an opinion as whether the Village could undertake improvements to a drainage ditch located on private property. In its request for an opinion, the Village noted that improving the drainage on the private property would also provide a benefit to the Village, in that the drainage of the Village would also be improved. After conducting an analysis under the *Cabela’s* factors, the Attorney General opined that, “based on the foregoing, it is the opinion of this office that the Village has the authority to undertake improvements to a drainage ditch on private property only if it determines that the work will benefit the public and that the benefit received by the Village is equivalent to the expenditure of public funds.” Thus, Opinion No. 12-0233, as well as other opinions, are clear in that the mere performance of work on private property

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## CITY OF PORT ALLEN, LOUISIANA

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### *Schedule of Findings and Responses, Continued*

*Year Ended June 30, 2022*

does not automatically amount to a violation of the constitutional prohibition against the donation of public funds. To the contrary, if the public entity receives a public benefit that exceeds the value of the work performed, then the endeavor is not even considered to be a donation.

Turning to the specific endeavor referenced, the City had commissioned a public project to install sidewalks and storm drainage improvements along both North 11<sup>th</sup> Street and Michigan Avenue. Due to the installation of the new sidewalks, certain storm drains in the area in question had to be raised. The City's contractor was concerned that the height of the modified storm drains was going to change how water had previously drained off a certain property located at the corner of the two streets. Specifically, the contractor was concerned that the modifications to the heights of certain drainage features could result, during heavy rainstorms, in rainwater ponding on the private property and then draining back towards the building in question, as opposed to draining towards the street. If such were to occur, the building would then sustain flood damage directly attributable to drainage modifications caused by City's sidewalk and drainage improvement project.

The contractor for the project proposed that the elevation concerns be addressed by concreting the area surrounding the sidewalk and drainage structure. The cost to add this additional concrete work was approximately \$7,111.00. Management made the decision to authorize the additional work, as the cost of the additional work was far less than what the City would pay if the City caused the building to flood due to the City's changing of how the property had historically drained. Additionally, stopping the project would have potentially given the contractor a delay claim against the City. In sum, Management believed that authorizing the work, as a solution to the elevation concerns, was in the best interest of the City as it would avoid a potential flood claim against the City, avoid a potential delay claim by the contractor, and keep the project moving.

Because avoiding potentially liability is a benefit to the City, and because the cost of the work was far less than what the City would pay if the property flooded due to the City's changing of the surrounding elevations, Management does not believe the work equates to a donation of public funds or a violation of Article VII, Section 14 of the Louisiana Constitution. Again, the City's Project changed the drainage of the property in question. It was, therefore, the City's responsibly to act to ensure that the City's project would not flood the building in question. Correcting an potential flood concern caused by the City's own project would not be considered a donation of public funds. Furthermore, the fact that the building owner also received a benefit, as a result of the remediation work to correct the potential flooding concern, is irrelevant to the constitutional analysis.

Despite the above, Management is in agreement with Auditor's recommendation. Except in emergency situations, it is Management's general practice to bring change orders to the

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## CITY OF PORT ALLEN, LOUISIANA

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### *Schedule of Findings and Responses, Continued*

*Year Ended June 30, 2022*

Council for approval, prior to execution/authorization of the work. Because the sidewalk project and inclusive concrete work, however, was already being performed, and because the remediation work was deemed necessary to prevent potential flooding caused by the primary work on the project, Management authorized the work and then brought the matter to the Council's attention. Such procedure is only used in situations where the work is necessary and cannot wait until the next monthly council meeting, without cost or expense to the City.

#### ***Item 2022-003 Violation of Ethics Law – Related Party Transaction***

*Criteria.* Per R.S. 42:1112, participation by a public servant in a transaction involving the governmental entity in which he, or to his knowledge, a related party may have substantial economic interest is considered a prohibited transaction.

*Condition.* Management authorized the sidewalk installation at North 11<sup>th</sup> and Michigan Street which may be considered a prohibited use of public funds as a donation of property. The mayor is a member of the organization in which the property is located.

*Potential Effect.* The City may be in violation of R.S. 42:1112.

*Cause.* The scope of work being performed by the City on the property at North 11th and Michigan Street was changed to address increase risk of flooding. The sidewalk width was increased such that a portion extended past the City's servitude onto private property without the property owner contributing to cost of work performed.

*Recommendation.* Approval for projects requiring modification outside the normal scope of work approved in the budgeting process and affecting private property, should be brought to the council for consideration of legality and approval.

*Management's Response.* Management's explanation of the events leading to the transaction in question is already set forth in Item 2022-005 above. The private property in question is owned by Stone Square Lodge #7. The property is used as a masonic lodge. Mayor Lee has no personal substantial economic interest in the property or Stone Square Lodge #7, as per La. R.S. 42:1102(21). Nor is Mayor Lee an officer, director, trustee, partner, or employee of Stone Square Lodge #7, which would be necessary for an ethics violation under La. R.S. 42:1112(B)(3). Thus, Management disagrees that there was any potential ethics violation.

Management, however, agrees with auditor's recommendation that change orders should be approved by the Council prior to authorization or execution of same. Management confirms that such is standard practice, except in situations where the work is necessary

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## CITY OF PORT ALLEN, LOUISIANA

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### *Schedule of Findings and Responses, Continued*

*Year Ended June 30, 2022*

and cannot wait until the next monthly council meeting, without cost or expense to the City.

***Item 2022-004 Failure to Comply with Local Government Budget Act Regarding Requirement to Amend the Budget If Greater Than 5% Unfavorable Variance in Total Revenues or Expenditures***

*Criteria:* R.S. 39:1311 requires that the budget of a fund be amended in the event that total revenue and other sources plus projected revenue are failing to meet total budgeted revenues and other sources by 5% or more, or total expenditures and other uses plus projected expenditures and other uses within a fund are exceeding the total budgeted expenditures and other uses by 5% or more.

*Condition:*

- The Low-Income Housing Fund's total expenditures exceeded budgeted expenditures by more than 5%.
- The Municipal Complex Debt Service Fund's total revenues and other sources failed to meet budgeted revenues by more than 5%, and total expenditures exceeded budgeted expenditures by more than 5%

*Context:*

- Management was unable to properly amend the Low-Income Housing Fund's budget to cover total actual expenditures which exceeded total budgeted expenditures by 5% or more.
- Management was unable to properly amend the Municipal Complex Debt Service Fund's budget to cover total actual revenues which failed to meet total budgeted revenues and total actual expenditures which exceeded total budgeted expenditures by 5% or more.

*Effect:* Revenues and expenditures could be made in a manner inconsistent with the Board's approval.

*Cause:* The City did not have adequate controls in place to monitor for unfavorable balances in excess of statutory limitations.

*Recommendation:* The City should put procedures in place to review the budget to actual comparisons periodically and make amendments as necessary.

*View of Responsible Official:* The City will review budget to actual comparisons on a monthly basis and propose amends to the budget if necessary. Additionally, the City will prepare one comprehensive budget amendment at year end for approval with the subsequent year's budget adoption.

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# CITY OF PORT ALLEN, LOUISIANA

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## *Schedule of Findings and Responses, Continued*

*Year Ended June 30, 2022*

### *Item 2022-005 Utility Department Past Due Receivables*

*Criteria.* Accounts that become delinquent as defined in Ordinance 86-3 should be shut off water and gas services to the affected premises until all such charges for utilities, including late payments, has been paid in full.

*Condition.* Management suspended the disconnection of utilities for delinquent accounts and reached agreements with customers to make payments as they can to become current on their bill.

*Effect.* Certain accounts that were past due were not disconnected in accordance with Ordinance 86-3.

*Cause.* Certain accounts have been allowed to be past due without their services being disconnected.

*Recommendation.* City ordinances should be followed at all times unless board approval is obtained.

*Management's Response.* The City intends to update the city's ordinance to be in line with the current policy that any account with a past due balance shall be cutoff beginning on the 10th of the following month and concluding within 10 days.

### *Section III – Independent Auditor's Comments on Resolution of Prior Audit Findings*

<u>RefNo.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of the Finding</u>	<u>Current Year Finding Ref No.</u>
2021-001	2021	Journal Entry Approval	Resolved	N/A
2021-002	2021	Bank Account Reconciliation	Resolved	N/A
2021-003	2021	Retirement Contributions	Resolved	N/A
2021-004	2021	Utility Department Past Due Receivables	Unresolved	2022-005

**INDEPENDENT  
ACCOUNTANT'S REPORT  
ON THE APPLICATION  
OF AGREED-UPON PROCEDURES**

**City of Port Allen**

**June 30, 2022**



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# City of Port Allen

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*June 30, 2022*

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

To the Board and Management of City of Port Allen and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. City of Port Allen's management is responsible for those C/C areas identified in the SAUPs.

City of Port Allen has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in Schedule A, which is an integral part of this report.

We were engaged by City of Port Allen to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of City of Port Allen and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

PROVOST, SALTER, HARPER & ALFORD, LLC

A handwritten signature in blue ink that reads "Provost, Salter, Harper & Alford, LLC". The signature is written in a cursive, flowing style.

Baton Rouge, LA  
December 28, 2022

*Written Policies and Procedures*

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1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees were notified of any changes to the entity’s ethics policy.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Findings:**

*The payroll/personnel policy had no section regarding the approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules. The sexual harassment policy did not have the requirements for R.S. 42:342-344.*

---

**Board or Finance Committee**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**Findings:**

*No exceptions noted*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds<sup>7</sup>. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**Findings:**

*The minutes included no reference of budget-to-actual comparisons.*

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

**Findings:**

*No exceptions noted.*

**Bank Reconciliations**

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

*We obtained a listing of 27 bank accounts and selected 5 for testing.*

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

**Findings:**

*One bank reconciliation included no evidence that it was prepared within 2 months of related statement closing date.*

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

**Findings:**

*Five bank reconciliations did not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.*

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

**Findings:**

*No exceptions noted.*

**Collections (excluding electronic funds transfers)**

---

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

*Cash is only collected at the main office in Port Allen.*

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

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*One teller does collect cash and prepare deposit slips, and sometimes the same employee who prepares the deposit reconciles the documentation.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

**Findings:**

*The policy did not cover all employees who have access to cash.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

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

***Payments are only processed at the main office in Port Allen.***

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

**Findings:**

*No exceptions noted.*

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

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

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

*We obtained a listing of active credit cards for the fiscal period, including the card numbers and the names of the persons who maintained possession.*

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

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Findings:**

*Four of the tested transactions did not include an original itemized receipt that identifies precisely what was purchased*

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

---

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

*Travel reimbursements for the fiscal period totaled \$999.64.*

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

**Findings:**

*Five of the reimbursements were given at a reimbursement rate more than allowed by the rates established by the State of Louisiana.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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**Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

**Findings:**

*No exceptions noted.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

**Findings:**

*No exceptions noted.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

**Findings:**

*No exceptions noted.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

**Findings:**

*No exceptions noted.*

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**Payroll and Personnel**

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Findings:**

*No exceptions noted.*

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

**Findings:**

*No exceptions noted.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

**Findings:**

*No exceptions noted.*

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Findings:**

*No exceptions noted.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**Findings:**

*No exceptions noted.*

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

**Findings:**

*The entity did not make any termination payments during the fiscal period. Therefore, this procedure was not applicable to the entity.*

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Per management, everything was paid timely, but LIs were not filed timely.*

***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**Findings:**

*One employee had no documentation demonstrating they completed one hour of ethics training during the fiscal period.*

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Findings:**

*There were no changes to the ethics policy during the fiscal period. Therefore, this procedure was not applicable to the entity.*

***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

**Findings:**

*No exceptions noted.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Findings:**

*No exceptions noted.*

***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Findings:**

*There were no misappropriations of public funds and assets during the fiscal period; therefore, this procedure is not applicable.*

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Findings:**

*The notice was not posted on the premises.*

***Information Technology Disaster Recovery/Business Continuity***

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25. We performed the procedure and discussed the results with management.
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

**Findings:**

*No exceptions noted.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

**Findings:**

*No exceptions noted.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Findings:**

*No exceptions noted.*

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***Sexual Harassment***

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

**Findings:**

*One employee had no documentation demonstrating that they completed at least one hour of sexual harassment training during the year.*

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

**Findings:**

*The sexual harassment policy was not listed on the website or premises.*

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

**Findings:**

*The entity failed to complete the annual sexual harassment report.*

- b) Number of sexual harassment complaints received by the agency;

**Findings:**

*The entity failed to complete the annual sexual harassment report.*

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

**Findings:**

*The entity failed to complete the annual sexual harassment report.*

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

**Findings:**

*The entity failed to complete the annual sexual harassment report.*

- e) Amount of time it took to resolve each complaint.

**Findings:**

*The entity failed to complete the annual sexual harassment report.*

## Management's Responses To Findings

- **Procedure:**

- Policies and Procedures:

**Management response:** Management will review and update the policies mentioned above during fiscal year end 2023.

- Board Meetings:

**Management response:** Management will distribute monthly financial reports to include budget to actual comparisons for monthly board meetings.

- Bank reconciliations:

**Management's response:** As mentioned in the City's audit, the City's CFO was on extended leave and was absent from employment for a portion of the year. As a result, the City had to hire a replacement that took time to accomplish. As a result, the monthly reconciliations were in arrears. However, the account reconciliations are currently timely and this matter will be addressed during 2023, including documentation of oversight mentioned above.

- Collections:

**Management's response:** Management will review both items during fiscal year end 2023 to segregate certain procedures and align insurance policies to cover all employees processing cash.

- Credit Cards:

**Management's response:** Management we will review credit card statements monthly to reconcile receipts and charges. The items above are considered isolated but the City will ensure future charges have receipts.

- Travel:

**Management's response:** Management will correct this matter internally so that mileage is reimbursed in accordance with the City's policies.

- Payroll:

**Management's response:** Management will review the matter above to change the process for preparation and timely filing of the payroll return.

- Ethics:

**Management's response:** Management will ensure all staff members complete the required ethics training and retain a certificate of completion.

- Fraud Notice:

**Management's response:** Management will post the notice at City hall.

- Sexual Harassment:

**Management's response:** Management will ensure that this necessary training is completed by all City employees moving forward. Also, the City will post the policy as required and file the annual report timely.