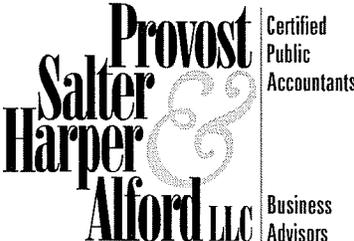


**CITY OF PORT ALLEN,
LOUISIANA**

FINANCIAL REPORT

June 30, 2019



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CITY OF PORT ALLEN, LOUISIANA

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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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund, of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2019, 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.

Management's Responsibility for the Financial Statements

The 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund, of the City of Port Allen, Louisiana as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17 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 on Schedules 1-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 accompanying other supplementary information, on Schedules 6 and 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying other supplementary information, on Schedules 6 and 7, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedules of Insurance in Force and Statistical Data (Schedules 8 and 9) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 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

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

Baton Rouge, Louisiana
December 11, 2019

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

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, 2019. 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 2019 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 \$9,346,574 (net position). Of this amount, \$9,384,374 is either restricted or invested in assets that cannot be readily liquidated, the City has a deficit unrestricted net position of \$37,800.
- The total net position of the City of Port Allen increased by \$92,503 for the year ended June 30, 2019, current operations. Net position of governmental activities decreased by \$178,124 and net position of business-type activities increased by \$270,627.
- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported combined ending fund balance of \$8,218,295, a decrease of \$126,725 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately \$8.0 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 undesignated fund balance for the General Fund was \$5,404,537 or 104.3% of total General Fund expenditures.
- During the fiscal year, the City's long term debt decreased by \$276,195 due to (1) payment of \$93,000 to the Department of Environmental Quality Revolving Loan Fund, (2) repayment of \$155,000 on bonds issued for the new city hall, (3) an overall increase of \$26,786 in the estimated long term compensated absences, (4) an overall increase of \$194,920, in the estimated liability for post-employment benefit obligations and (5) an overall decrease of \$249,902 in the estimated liability for net pension liabilities.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

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, 2019

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, 2019

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, 2019

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 \$9,346,574 at the close of the most recent fiscal year.

A large portion of the City of Port Allen's net position (60.67 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 8,460,058	\$ 8,279,668	\$ 1,794,587	\$ 1,739,883	\$ 10,254,645	\$ 10,019,551
Restricted assets	342,403	334,334	412,152	403,618	754,555	737,952
Capital assets	<u>3,995,478</u>	<u>4,180,263</u>	<u>7,766,776</u>	<u>7,897,287</u>	<u>11,762,254</u>	<u>12,077,550</u>
Total assets	<u>12,797,939</u>	<u>12,794,265</u>	<u>9,973,515</u>	<u>10,040,788</u>	<u>22,771,454</u>	<u>22,835,053</u>
Deferred outflows	<u>1,284,019</u>	<u>1,239,310</u>	<u>562,903</u>	<u>566,701</u>	<u>1,846,922</u>	<u>1,806,011</u>
Current and other liabilities	744,167	423,983	330,759	469,834	1,074,926	893,817
Long-term liabilities	<u>7,594,136</u>	<u>7,801,496</u>	<u>3,392,551</u>	<u>3,466,386</u>	<u>10,986,687</u>	<u>11,267,882</u>
Total liabilities	<u>8,338,303</u>	<u>8,225,479</u>	<u>3,723,310</u>	<u>3,936,220</u>	<u>12,061,613</u>	<u>12,161,699</u>
Deferred inflows	<u>304,754</u>	<u>191,071</u>	<u>2,905,435</u>	<u>3,034,223</u>	<u>3,210,189</u>	<u>3,225,294</u>
Net position:						
Invested in capital assets, net of related debt	1,915,478	1,945,263	3,755,138	3,657,432	5,670,616	5,602,695
Restricted	<u>2,813,758</u>	<u>2,810,922</u>	<u>900,000</u>	<u>900,000</u>	<u>3,713,758</u>	<u>3,710,922</u>
Unrestricted	<u>709,665</u>	<u>860,840</u>	<u>(747,465)</u>	<u>(920,386)</u>	<u>(37,800)</u>	<u>(59,546)</u>
Total net position	<u>\$ 5,438,901</u>	<u>\$ 5,617,025</u>	<u>\$ 3,907,673</u>	<u>\$ 3,637,046</u>	<u>\$ 9,346,574</u>	<u>\$ 9,254,071</u>

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.

However, due to the implementation of GASB 75, the City now 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 activities funds.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

The City of Port Allen's net position increased by \$92,503 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 549,717	\$ 539,730	\$ 3,175,688	\$ 2,942,021	\$ 3,725,405	\$ 3,481,751
Grants and contributions	624,284	695,707	-	-	624,284	695,707
General revenues:						
Property taxes	543,365	563,697	-	-	543,365	563,697
Franchise taxes	311,776	322,978	-	-	311,776	322,978
Business licenses	370,290	374,704	-	-	370,290	374,704
Intergovernmental revenues	3,315,982	3,522,134	-	-	3,315,982	3,522,134
Investment earnings	165,395	53,875	19,385	6,918	184,780	60,793
Other	115,586	55,054	46,654	21,660	162,240	76,714
Total revenues	5,996,395	6,127,879	3,241,727	2,970,599	9,238,122	9,098,478
Expenses						
General Government	1,019,434	1,005,897	-	-	1,019,434	1,005,897
Public Safety	2,104,912	2,031,030	-	-	2,104,912	2,031,030
Roads and Drainage	1,436,291	1,423,151	-	-	1,436,291	1,423,151
Depot Welcoming Center	11,314	15,415	-	-	11,314	15,415
Sanitation	544,432	524,636	-	-	544,432	524,636
Animal Control	35,850	34,800	-	-	35,850	34,800
Welfare	619,603	564,940	-	-	619,603	564,940
Community Development	193,526	148,612	-	-	193,526	148,612
Fleet Maintenance	128,232	95,444	-	-	128,232	95,444
Debt Service	80,925	85,575	-	-	80,925	85,575
Water, Sewage and Gas	-	-	2,971,100	2,783,638	2,971,100	2,783,638
Total expenses	6,174,519	5,929,500	2,971,100	2,783,638	9,145,619	8,713,138
Increase (decrease) before transfer	(178,124)	198,379	270,627	186,961	92,503	385,340
Transfers in (out)	-	-	-	-	-	-
Net increase (decrease)	(178,124)	198,379	270,627	186,961	92,503	385,340
Net position - beginning	5,617,025	5,876,096	3,637,046	3,660,613	9,254,071	9,536,709
Prior period adjustment	-	(457,450)	-	(210,528)	-	(667,978)
Net position-beginning restated	5,617,025	5,418,646	3,637,046	3,450,085	9,254,071	8,868,731
Net position at end of year	\$ 5,438,901	\$ 5,617,025	\$ 3,907,673	\$ 3,637,046	\$ 9,346,574	\$ 9,254,071

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

Governmental Activities

Revenues for the City of Port Allen's governmental activities for the year ended June 30, 2019 were \$5,996,395 compared to \$6,127,879 in the year ended June 30, 2018.

	2019	%	2018	%	Var
Charges for services	\$ 549,717	10%	\$ 539,730	9%	\$ 9,987
Grants and contributions	624,284	10%	695,707	12%	(71,423)
Property taxes	543,365	9%	563,697	9%	(20,332)
Franchise taxes	311,776	5%	322,978	5%	(11,202)
Business licenses	370,290	6%	374,704	6%	(4,414)
Investment earnings	165,395	3%	53,875	1%	111,520
Intergovernmental:					
Sales taxes	3,139,943	52%	3,326,904	54%	(186,961)
Other	176,040	3%	195,230	3%	(19,190)
Other	115,585	2%	55,054	1%	60,531
Total governmental activities revenues	<u>\$ 5,996,395</u>	<u>100%</u>	<u>\$ 6,127,879</u>	<u>100%</u>	<u>\$(131,484)</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 \$3,175,688 an increase of \$233,667, mainly as a result of implementing the pipeline sales of natural gas.
- The City's business-type activities resulted in a total operating income of \$270,627.
- The water fund operating income increased by \$288,895 as a result of pipeline gas sales, while sewer operating income decreased by \$55,228.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

Total Governmental Activities Revenues

The cost of all governmental activities this year was \$6,174,519, an increase of \$245,019. Key factors for the increase are summarized below:

	<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>	<u>Variance</u>
General government	\$ 1,019,434	17%	\$ 1,005,897	17%	\$ 13,537
Public safety	2,104,912	35%	2,031,030	34%	73,882
Fleet Maintenance	128,232	2%	95,444	2%	32,788
Roads and drainage	1,436,291	24%	1,423,151	24%	13,140
Community Development	193,526	3%	148,612	3%	44,914
Sanitation	544,432	9%	524,636	9%	19,796
Debt Service	80,925	1%	85,575	1%	(4,650)
Welfare	619,603	10%	564,940	10%	54,663
Other	47,164	1%	50,215	1%	(3,051)
Total governmental activities expenditures	<u>\$ 6,174,519</u>	<u>100%</u>	<u>\$ 5,929,500</u>	<u>100%</u>	<u>\$ 245,019</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 \$8,218,295, a decrease of \$126,725 in comparison with the prior fiscal year. Of this amount, \$5,404,537 or 65.76% was unassigned and available for spending. \$2,813,758 or 34.24% 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, 2019

- 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 \$5,404,537. 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 decreased by \$129,560.
- 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 \$24,057 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 \$285,172, all of which is restricted for debt service.

Proprietary Funds

The Water & Gas Fund and the Sewer Fund net position increased by \$270,627 for the current year. The prior year's increase was \$186,961.

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 July 11, 2018. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- General Fund revenues were \$207,258 (4.1%) higher than revised and original budget estimates. Sales tax revenue and investment earning were the largest contributors to those favorable budget variances.

Expenditures

- Total expenditures were \$217,620 (4.0%) lower than the revised budget estimate and \$130,282 (2.5%) lower than the original budget estimate, primarily due to lower expenditures for roads and drainage than was expected.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2019 amounts to \$11,762,254 (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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and Land improvements	\$ 686,051	\$ 686,051	\$ 22,237	\$ 22,237	\$ 708,288	\$ 708,288
Buildings and structures	2,976,170	3,064,172	117,116	126,144	3,093,286	3,190,316
Furniture and Fixtures	67,914	81,163	3,089	5,367	71,003	86,530
Equipment and vehicles	265,343	348,877	93,493	101,348	358,836	450,225
Wastewater treatment plant	-	-	1,480,473	1,539,201	1,480,473	1,539,201
Water System	-	-	1,261,935	1,318,973	1,261,935	1,318,973
Gas System	-	-	3,034,002	3,136,514	3,034,002	3,136,514
Sewer System	-	-	1,600,027	1,647,503	1,600,027	1,647,503
Construction in progress	-	-	154,404	-	154,404	-
Total	\$ 3,995,478	\$ 4,180,263	\$ 7,766,776	\$ 7,897,287	\$ 11,762,254	\$ 12,077,550

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

- The purchase of 4 new police vehicles and accessories for \$128,091.
- Sewer system Construction in progress for \$154,404.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

Long Term Debt

At the end of the current fiscal year, the City of Port Allen had total debt outstanding of \$11,239,687. Of this amount, \$2,080,000 comprises debt backed by the full faith and credit of the government, \$1,182,000 represents debt secured by specified revenue sources, \$460,290 represents the City's estimated liability for compensated absences, \$1,514,928 represents the City's estimated liability for other postemployment benefits and \$6,002,469 is the City's net pension liability. The following table summarizes debt outstanding at June 30, 2019.

Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue Bonds Payable	\$ 2,080,000	\$ 2,235,000	\$ 1,182,000	\$ 1,275,000	\$ 3,262,000	\$ 3,510,000
Compensated Absences	281,488	246,754	178,802	186,750	460,290	433,504
Other Post Employment Benefit Obligations	1,059,898	942,573	455,030	377,435	1,514,928	1,320,008
Net Pension Liability	4,332,750	4,532,169	1,669,719	1,720,201	6,002,469	6,252,370
Total Long Term Debt	\$ 7,754,136	\$ 7,956,496	\$ 3,485,551	\$ 3,559,386	\$ 11,239,687	\$ 11,515,882

During the fiscal year, the City's long term debt decreased by \$276,195 due to (1) repayment of \$93,000 to the Department of Environmental Quality Revolving Loan Fund, (2) repayment of \$155,000 on bonds issued for the new city hall, (3) an overall increase of \$26,786 in the estimated long term compensated absences (4) an overall increase of \$194,920 in the estimated liability for post-employment benefit obligations and (5) an overall decrease of \$249,902 of net pension liabilities.

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 2019-2020 was presented to the City Council:

For the year ending June 30, 2020, 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. Revenue remains steady, but expenditures for capital outlays in most of the General Fund departments to

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2019

replace necessary aging equipment and vehicles will require dipping into the General Fund's fund balance. Also, a significant portion of the capital outlay expenditures from the City's continuation of the road rehabilitation program accounts for approximately \$375,000 each year. The projected deficit in the Water and Gas Fund is manageable as compared to the overall Water and Gas Fund budget and the fund does not carry any debt. The cost of MERS, MPERS, and health insurance rates have increased again this year. The Sewer Fund has a steady projection of revenues, but expenses for capital and infrastructure continue to deplete the Sewer Fund's retained earnings. It has been recommended to the Mayor and City Council by the Chief Financial Officer and the City's auditor on many occasions to consider raising these fees to stave off the rising costs of the large capital sewer system expenses.

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, 2019

	Primary Government			Component unit
	Government activities	Business-type activities	Total	
Assets				
Cash and cash equivalents	\$ 5,891,491	\$ 1,566,995	\$ 7,458,486	\$ 465,667
Investments	1,902,858	20,000	1,922,858	191,083
Receivables, net	246,268	367,697	613,965	-
Internal balances	160,105	(160,105)	-	18,668
Due from other governments	258,890	-	258,890	-
Prepaid items and other assets	446	-	446	1,439
Restricted assets:				
Cash and cash equivalents	342,403	412,152	754,555	-
Capital assets:				
Land	686,051	22,237	708,288	-
Other capital assets, net of depreciation	3,309,427	7,744,539	11,053,966	53,403
Total assets	12,797,939	9,973,515	22,771,454	730,260
Deferred Outflow of Resources	1,284,019	562,903	1,846,922	-
Total assets and deferred outflows of resources	14,081,958	10,536,418	24,618,376	730,260
Liabilities				
Current liabilities:				
Accounts payable	426,611	44,421	471,032	-
Deposits and deferred charges	-	190,531	190,531	-
Accrued interest payable	40,463	2,807	43,270	32,573
Accrued wages and other	117,093	-	117,093	24,200
Bonds payable, due within one year	160,000	93,000	253,000	-
Noncurrent liabilities:				
Compensated absences	281,488	178,802	460,290	-
OPEB obligations	1,059,898	455,030	1,514,928	-
Bonds payable, due in more than one year	1,920,000	1,089,000	3,009,000	-
Net pension liability	4,332,750	1,669,719	6,002,469	-
Total liabilities	8,338,303	3,723,310	12,061,613	56,773
Deferred Inflow of Resources	304,754	2,905,435	3,210,189	-
Total liabilities and deferred inflows of resources	8,643,057	6,628,745	15,271,802	56,773
Net Position				
Invested in capital assets, net of related debt	1,915,478	3,755,138	5,670,616	29,403
Restricted for:				
Prepaid expenses	1,529	-	1,529	-
Public safety	3,000	-	3,000	-
Welfare	24,057	-	24,057	-
Debt service	285,172	-	285,172	-
Ordinance No. 1 of 2006	2,500,000	900,000	3,400,000	-
Unrestricted	709,665	(747,465)	(37,800)	644,084
Total net position	\$ 5,438,901	\$ 3,907,673	\$ 9,346,574	\$ 673,487

CITY OF PORT ALLEN, LOUISIANA

Statement of Activities

Year Ended June 30, 2019

	Expenses	Program Revenues		Net (expenses) revenue and change in net position			Component units
		Charges for services	Operating grants and contributions	Governmental activities	Primary Government Business-type activities	Total	
Functions/programs							
Primary government:							
Governmental activities:							
General government	\$ 1,019,434	\$ -	\$ -	\$ (1,019,434)	\$ -	\$ (1,019,434)	\$ -
Public safety	2,104,912	10,605	-	(2,094,307)	-	(2,094,307)	-
Roads and drainage	1,436,291	-	5,300	(1,430,991)	-	(1,430,991)	-
Depot welcoming center	11,314	-	-	(11,314)	-	(11,314)	-
Sanitation	544,432	539,112	-	(5,320)	-	(5,320)	-
Animal control	35,850	-	-	(35,850)	-	(35,850)	-
Welfare	619,603	-	618,984	(619)	-	(619)	-
Community development	193,526	-	-	(193,526)	-	(193,526)	-
Fleet maintenance	128,232	-	-	(128,232)	-	(128,232)	-
Debt service	80,925	-	-	(80,925)	-	(80,925)	-
Total governmental activities	6,174,519	549,717	624,284	(5,000,518)	-	(5,000,518)	-
Business-type activities							
Water and Gas	2,291,014	2,339,823	-	-	48,809	48,809	-
Sewer	680,086	835,865	-	-	155,779	155,779	-
Total business-type activities	2,971,100	3,175,688	-	-	204,588	204,588	-
Total primary government	\$ 9,145,619	\$ 3,725,405	\$ 624,284	(5,000,518)	204,588	(4,795,930)	-
Component units:							
City Court	\$ 369,087	\$ 405,098	\$ -	-	-	-	36,011
General revenues:							
Property taxes				543,365	-	543,365	-
Franchise taxes				311,776	-	311,776	-
Business licenses				370,290	-	370,290	-
Intergovernmental revenue							
Sales and use taxes				3,139,943	-	3,139,943	-
Other taxes				29,106	-	29,106	-
Other income				146,934	-	146,934	-
Non-employer contributions to pension plan				87,775	24,019	111,794	-
Investment earnings				165,395	19,385	184,780	8,246
Gain (loss) on sale of assets				2,461	2,520	4,981	-
Miscellaneous				25,349	20,115	45,464	-
Transfers				-	-	-	-
Total general revenues and transfers				4,822,394	66,039	4,888,433	44,257
Change in net position				(178,124)	270,627	92,503	44,257
Net position - beginning				5,617,025	3,637,046	9,254,071	629,230
Net position - ending				\$ 5,438,901	\$ 3,907,673	\$ 9,346,574	\$ 673,487

CITY OF PORT ALLEN, LOUISIANA

Balance Sheet, Governmental Funds

June 30, 2019

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 5,868,014	\$ 23,477	\$ -	\$ 5,891,491
Investments	1,902,858	-	-	1,902,858
Receivables, net	246,268	-	-	246,268
Due from other funds	162,400	580	-	162,980
Due from other governments	258,890	-	-	258,890
Prepaid items and other assets	445	-	-	445
Restricted cash and cash equivalents	16,770	-	325,635	342,405
Total assets	<u>\$ 8,455,645</u>	<u>\$ 24,057</u>	<u>\$ 325,635</u>	<u>\$ 8,805,337</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 426,611	\$ -	\$ -	\$ 426,611
Other current liabilities	117,093	-	-	117,093
Due to other funds	2,875	-	-	2,875
Accrued interest payable	-	-	40,463	40,463
Total liabilities	<u>546,579</u>	<u>-</u>	<u>40,463</u>	<u>587,042</u>
Fund balance:				
Nonspendable:				
Prepaid items	1,529	-	-	1,529
Restricted:				
Public safety	3,000	-	-	3,000
Welfare	-	24,057	-	24,057
Debt service	-	-	285,172	285,172
Committed:				
Ordinance No. 1 of 2006	2,500,000	-	-	2,500,000
Unassigned	5,404,537	-	-	5,404,537
Total fund balance	<u>7,909,066</u>	<u>24,057</u>	<u>285,172</u>	<u>8,218,295</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 8,455,645</u>	<u>\$ 24,057</u>	<u>\$ 325,635</u>	<u>\$ 8,805,337</u>

CITY OF PORT ALLEN, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net position****June 30, 2019**

Fund balances - total governmental funds \$ 8,218,295

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	\$ 7,269,867	
Less accumulated depreciation	(3,274,389)	
		<u>3,995,478</u>

Deferred outflows and inflows of resources not recognized in the fund balance of Governmental Fund Statement.

Pension related changes reported as deferred outflows	\$ 1,173,576	
Pension related changes reported as deferred inflows	(271,922)	
OPEB related changes reported as deferred outflows	110,443	
OPEB related changes reported as deferred inflows	(32,833)	
		<u>979,264</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds

Bonds payable	\$ (2,080,000)	
OPEB obligations	(1,059,898)	
Compensated absences	(281,488)	
Net pension liability	(4,332,750)	
		<u>(7,754,136)</u>
Net position of governmental activities		<u>\$ 5,438,901</u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2019

Governmental Funds

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
Revenues				
Taxes	\$ 855,141	\$ -	\$ -	\$ 855,141
Licenses and permits	370,290	-	-	370,290
Intergovernmental	3,274,778	618,984	-	3,893,762
Charges for services	549,717	-	-	549,717
Fines and forfeitures	46,505	-	-	46,505
Investment earnings	162,382	692	2,322	165,396
Miscellaneous	25,345	-	-	25,345
Total revenues	5,284,158	619,676	2,322	5,906,156
Expenditures				
Current				
General government	751,614	-	-	751,614
Public safety	1,953,752	-	-	1,953,752
Roads and drainage	1,400,033	-	-	1,400,033
Depot welcome center	11,314	-	-	11,314
Sanitation	544,432	-	-	544,432
Health	35,850	-	-	35,850
Welfare	-	619,603	-	619,603
Community development	191,912	-	-	191,912
Fleet maintenance	122,603	-	-	122,603
Capital outlay				
General government	17,643	-	-	17,643
Public safety	109,918	-	-	109,918
Roads and drainage	41,810	-	-	41,810
Debt service				
Principal	-	-	155,000	155,000
Interest and other charges	-	-	80,925	80,925
Bond issuance costs	-	-	-	-
Total expenditures	5,180,881	619,603	235,925	6,036,409
Excess (Deficiency) of Revenues Over Expenditures				
	103,277	73	(233,603)	(130,253)
Other Financing Sources (Uses)				
Sales of general fixed assets	3,528	-	-	3,528
Operating transfers in	4,498	-	240,863	245,361
Operating transfers out	(240,863)	(4,498)	-	(245,361)
Total other financing sources (uses)	(232,837)	(4,498)	240,863	3,528
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
	(129,560)	(4,425)	7,260	(126,725)
Fund Balances				
Beginning	8,038,626	28,482	277,912	8,345,020
Ending	\$ 7,909,066	\$ 24,057	\$ 285,172	\$ 8,218,295

CITY OF PORT ALLEN, LOUISIANA

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, Changes in Fund Balances to the Statement of Activities****Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds \$ (126,725)

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	\$ 111,580	
Depreciation expense	<u>(295,296)</u>	(183,716)

Gain on disposal of capital assets (1,067)

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.

Principal payments 155,000

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	\$ (4,619)	
Compensated absences	(34,734)	
Pension expense	<u>17,737</u>	(21,616)

Change in net position of governmental activities \$ (178,124)

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds

June 30, 2019

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 971,076	\$ 595,919	\$ 1,566,995
Investments	-	20,000	20,000
Accounts receivable, net	205,497	162,200	367,697
Due from other funds	173,334	-	173,334
Total current assets	1,349,907	778,119	2,128,026
Non-current Assets			
Restricted:			
Cash and cash equivalents	190,531	221,621	412,152
Total restricted assets	190,531	221,621	412,152
Capital assets:			
Land and land improvements	14,857	7,380	22,237
Buildings and structures	294,449	-	294,449
Furniture and fixtures	54,283	5,633	59,916
Equipment and vehicles	332,482	200,211	532,693
Wastewater treatment plant	-	2,449,605	2,449,605
Water system	2,666,224	-	2,666,224
Gas system	4,046,906	-	4,046,906
Sewer system	-	2,606,661	2,606,661
Construction in progress	-	154,404	154,404
Less accumulated depreciation	(2,936,559)	(2,129,760)	(5,066,319)
Total capital assets (net of accumulated depreciation)	4,472,642	3,294,134	7,766,776
Total non-current assets	4,663,173	3,515,755	8,178,928
Deferred Outflows of Resources	389,613	173,290	562,903
Total assets and deferred outflows of resources	6,402,693	4,467,164	10,869,857

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds, Continued

June 30, 2019

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Liabilities			
Current Liabilities (payable from current assets):			
Accounts payable	37,702	6,719	44,421
Due to other funds	141,147	192,292	333,439
Customer deposits	190,531	-	190,531
Total current liabilities (payable from current assets)	369,380	199,011	568,391
Current Liabilities (payable from restricted assets):			
Accrued interest payable on revenue bonds	-	2,807	2,807
Current portion of long-term debt	-	93,000	93,000
Total current liabilities (payable from restricted assets)	-	95,807	95,807
Non-current Liabilities:			
Compensated absences	146,218	32,584	178,802
OPEB obligations	331,541	123,489	455,030
Bonds and notes payable	-	1,089,000	1,089,000
Net pension liability	1,202,491	467,228	1,669,719
Total non-current liabilities	1,680,250	1,712,301	3,392,551
Total liabilities	2,049,630	2,007,119	4,056,749
Deferred Inflows of Resources	2,892,032	13,403	2,905,435
Total liabilities and deferred inflow of resources	4,941,662	2,020,522	6,962,184
Net Position			
Invested in capital assets, net of related debt	1,643,004	2,112,134	3,755,138
Restricted for:			
Ordinance No. 1 of 2006	900,000	-	900,000
Unrestricted (deficit)	(1,081,973)	334,508	(747,465)
Total net position	\$ 1,461,031	\$ 2,446,642	\$ 3,907,673

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Operating Revenues			
Charges for services			
Gas sales	\$ 1,898,227	\$ -	\$ 1,898,227
Water sales	430,671	-	430,671
Sewer service charges	-	834,065	834,065
Connection fees	10,925	1,800	12,725
Operating grants	-	-	-
Miscellaneous	20,115	-	20,115
Non-employer contributions to pension plan	17,434	6,585	24,019
Total Operating Revenues	2,377,372	842,450	3,219,822
Operating Expenses			
Personal services	907,851	321,419	1,229,270
Contractual services and other	289,847	133,857	423,704
Supplies	30,332	30,852	61,184
Materials	819,190	12,531	831,721
Heat, light and power	50,529	50,613	101,142
Depreciation	193,265	119,562	312,827
Total Operating Expenses	2,291,014	668,834	2,959,848
Operating Income (Loss)	86,358	173,616	259,974
Nonoperating Revenues (Expenses)			
Gain (Loss) on disposition of assets	1,620	900	2,520
Interest expense	-	(11,252)	(11,252)
Investment earnings	16,235	3,150	19,385
Total Nonoperating Revenues (Expenses)	17,855	(7,202)	10,653
Income (loss) before transfers	104,213	166,414	270,627
Transfer in	95,062	-	95,062
Transfer (out)	-	(95,062)	(95,062)
Increase (Decrease) in net assets	199,275	71,352	270,627
Net position			
Beginning	1,261,756	2,375,290	3,637,046
Ending	\$ 1,461,031	\$ 2,446,642	\$ 3,907,673

CITY OF PORT ALLEN, LOUISIANA

*Statement of Cash Flows
Proprietary Funds*

Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 2,305,731	\$ 831,075	\$ 3,136,806
Payments to suppliers	(1,361,354)	(201,120)	(1,562,474)
Payments to employees for services and benefits	(987,690)	(326,005)	(1,313,695)
Other operating cash receipts	20,115	-	20,115
Net Cash Provided By (Used In) Operating Activities	(23,198)	303,950	280,752
Cash Flows From Noncapital Financing Activities			
Transfers to other funds	-	(95,062)	(95,062)
Transfers from other funds	95,062	-	95,062
Net Cash Provided By (Used in) Noncapital Financing Activities	95,062	(95,062)	-
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	-	(182,316)	(182,316)
Principal paid on revenue bonds	-	(93,000)	(93,000)
Interest paid	-	(11,473)	(11,473)
Net Cash Provided By (Used In) Capital and Related Financing Activities	-	(286,789)	(286,789)
Cash Flows From Investing Activities			
Interest received	16,235	3,150	19,385
Proceeds from the sale of fixed assets	1,620	900	
Net Cash Provided By (Used In) Investing Activities	17,855	4,050	19,385
Increase (Decrease) in Cash and Cash Equivalents	89,719	(73,851)	13,348
Cash and Cash Equivalents			
Beginning	1,071,888	891,391	1,963,279
Ending	\$ 1,161,607	\$ 817,540	\$ 1,979,147
Cash and Cash Equivalents Restricted Assets			
Totals	\$ 971,076	\$ 595,919	\$ 1,566,995
	190,531	221,621	412,152
	\$ 1,161,607	\$ 817,540	\$ 1,979,147

CITY OF PORT ALLEN, LOUISIANA

Statement of Cash Flows

Year Ended June 30, 2019

Proprietary Funds, Continued

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Operating income	\$ 86,358	\$ 173,616	\$ 259,974
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	193,265	119,562	312,827
Provisions for doubtful accounts	(25,550)	-	(25,550)
OPEB obligations	(94,843)	(3,034)	(97,877)
(Increase) decrease in assets			
Accounts receivable	(16,545)	92,880	76,335
Prepaid expenses	941	-	941
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	(172,397)	(70,937)	(243,334)
Deposits	5,384	-	5,384
Compensated absences	189	(8,137)	(7,948)
Net Cash Provided By (Used In) Operating Activities	\$ (23,198)	\$ 303,950	\$ 280,752

CITY OF PORT ALLEN, LOUISIANA

**Statement of Net Position
Component Unit****December 31, 2018**

	City Court
Assets	
Current Assets	
Cash	\$ 465,667
Certificates of deposit	147,909
Investments	43,174
Prepaid expenses	1,439
Due from other funds	18,668
Total current assets	<u>676,857</u>
Non-Current Assets	
Capital assets, net of depreciation	<u>53,403</u>
Total assets	<u>730,260</u>
Deferred Outflows of Resources	
Total assets and deferred outflows of resources	<u>-</u> <u>730,260</u>
Liabilities	
Current Liabilities	
Due to other governments	27,547
Accrued expenses	5,026
Deferred revenues	200
Current portion of long-term liabilities	24,000
Total current liabilities	<u>56,773</u>
Total Liabilities	<u>56,773</u>
Deferred Inflows of Resources	
Total liabilities and deferred inflows of resources	<u>-</u> <u>56,773</u>
Net Position	
Invested in capital assets, net of related debt	29,403
Unassigned	644,084
Total net position	<u>\$ 673,487</u>

CITY OF PORT ALLEN, LOUISIANA

*Statement of Activities**Year Ended December 31, 2018**Component Unit*

	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>City Court</u>
City Court			
Judiciary	\$ 369,087	\$ 405,098	\$ 36,011
General Revenues			
Investment earnings			<u>8,246</u>
Change in net position			44,257
Net position - beginning			<u>629,230</u>
Net position - ending			<u>\$ 673,487</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements

June 30, 2019

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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, treasury 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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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 1st 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:

General Fund	2019 Millage
General Maintenance	7.54
Police Department	5.27

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.

Subsequent Events. In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 11, 2019, the date the financial statements were available to be issued.

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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 not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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, 2019.

Financial statement Classification	Demand Deposits	Certificates of Deposit	Money Market Accounts	LAMP	U.S. Agency Obligations	Total
Cash and cash equivalents	\$ 1,414,866	\$ -	\$ 4,992,102	\$ 1,051,519	\$ -	\$ 7,458,486
Investments	-	1,720,000	-	-	202,858	1,922,858
Restricted Cash and cash equivalents	428,922	-	325,633	-	-	754,555
Balance per City books	\$ 1,843,788	\$ 1,720,000	\$ 5,317,735	\$ 1,051,519	\$ 202,858	\$ 10,135,899
Institutional balances	\$ 2,000,688	\$ 1,720,000	\$ 5,317,736	\$ 1,051,519	\$ 202,858	\$ 10,292,801

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 \$1,051,519 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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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, 2019 were not subject to custodial credit risk.

LAMP

At June 30, 2019, the City had an investment of \$1,051,519 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 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 99 days as of June 30, 2019.
- Foreign currency risk: Not applicable.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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, 2019, the change in the City's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, June 30, 2018	\$ 718,877	\$ 725,172
Add:		
Purchases	1,200,000	1,200,000
Market value adjustment	-	(2,314)
Total	1,918,877	1,922,858
Balance, June 30, 2019	\$ 1,918,877	\$ 1,922,858

As of June 30, 2019, 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	\$ 1,720,000	\$ 320,000	\$ 1,400,000	\$ -	\$ -
U.S. Agency obligations	202,858	202,858	-	-	-
Total	\$ 1,922,858	\$ 522,858	\$ 1,400,000	\$ -	\$ -

Credit Risk

The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S & P) and Moody's.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

As of June 30, 2019, all of the City's purchased investments in U.S. Agencies Bonds were rated AA+ and Aaa by Standard & Poor's and Moody's respectively. U.S. Government obligations are explicitly guaranteed by the U.S. government and are not risk rated.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The City's investment policy requires the investment portfolio to be diversified to eliminate the risk of loss of both principal and income resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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, 2019, are as follows:

	Governmental Funds	
	General Fund	Total Governmental Funds
Franchise tax	\$ 75,892	\$ 75,892
Property tax	15,726	15,726
Accounts receivable	87,364	87,364
Interest	7,199	7,199
Other	159,511	159,511
Total Receivables	345,692	345,692
Allowance for Uncollectibles	(99,424)	(99,424)
Receivables, Net	\$ 246,268	\$ 246,268

	Proprietary Funds		
	Water & Gas Fund	Sewer Fund	Total Proprietary Funds
Utility fees	\$ 330,048	\$ 162,200	\$ 492,248
Allowance for uncollectibles	(124,551)	-	(124,551)
Receivables, Net	\$ 205,497	\$ 162,200	\$ 367,697

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

5. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. Proprietary funds reported \$2,829,638 in deferred inflows of resources related to unavailable revenue.

As of June 30, 2019, unavailable revenue reported for proprietary funds relates to the City's acquisition of gas pipe line 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, 2019

6. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2019:

	Beginning Balance June 30, 2018	Increases	Decreases	Ending Balance June 30, 2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 686,051	\$ -	\$ -	\$ 686,051
Capital assets, being depreciated:				
Buildings and structures	4,621,531	34,782	-	4,656,313
Furniture and fixtures	361,406	-	-	361,406
Equipment and vehicles	1,782,292	100,179	354,917	1,527,554
Total capital assets, being depreciated	6,765,229	134,961	354,917	6,545,273
Less accumulated depreciation for:				
Buildings and structures	1,557,358	122,785	-	1,680,143
Furniture and fixtures	280,244	13,248	-	293,492
Equipment and vehicles	1,433,415	159,263	330,467	1,262,211
Total accumulated depreciation	3,271,017	295,296	330,467	3,235,846
Total capital assets, being depreciated, net	3,494,212	(160,335)	24,450	3,309,427
Governmental activities capital assets, net	\$ 4,180,263	\$ (160,335)	\$ 24,450	\$ 3,995,478

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

The following is a summary of changes in capital assets for business-type activities for the fiscal year June 30, 2019:

	Beginning Balance June 30, 2018	Increases	Decreases	Ending Balance June 30, 2019
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 22,237	\$ -	\$ -	\$ 22,237
Capital assets, being depreciated:				
Buildings	294,449	-	-	294,449
Furniture and fixtures	59,917	-	-	59,917
Equipment and vehicles	504,780	27,912	-	532,692
Wastewater treatment plant	2,449,605	-	-	2,449,605
Water system	2,666,224	-	-	2,666,224
Gas system	4,046,906	-	-	4,046,906
Sewer system	2,606,661	-	-	2,606,661
Construction in progress	-	154,404	-	154,404
Total capital assets, being depreciated	12,628,542	182,316	-	12,810,858
Less accumulated depreciation for:				
Buildings	168,308	9,025	-	177,333
Furniture and fixtures	54,548	2,280	-	56,828
Equipment and vehicles	403,433	35,766	-	439,199
Wastewater treatment plant	910,404	58,728	-	969,132
Water system	1,347,250	57,039	-	1,404,289
Gas system	910,391	102,513	-	1,012,904
Sewer system	959,158	47,476	-	1,006,634
Total accumulated depreciation	4,753,492	312,827	-	5,066,319
Total capital assets, being depreciated, net	7,875,050	(130,511)	-	7,744,539
Business-type activities capital assets, net	\$ 7,897,287	\$ (130,511)	\$ -	\$ 7,766,776

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

Depreciation expense was charged to government functions as follows:

General Government	\$	100,557
Public Safety - Police Department		143,118
Roads and Drainage		43,168
Fleet Maintenance		340
Depot Welcoming Center		8,113
Total	\$	<u>295,296</u>
<hr/>		
Water and Gas	\$	193,265
Sewer		119,562
Total	\$	<u>312,827</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

Capital outlay	\$	134,961
Depreciation expense		<u>(295,296)</u>
Total adjustments	\$	<u>(160,335)</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

7. Long Term Debt

The following is a summary of changes in long term debt for the year ended June 30, 2019:

Type of Debt	Balance at June 30, 2018	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at June 30, 2019	Amount due within One Year
<i>Governmental Activities:</i>					
Revenue bond	\$ 2,235,000	\$ -	\$ 155,000	\$ 2,080,000	\$ 160,000
Other post employment benefits	942,573	117,325	-	1,059,898	-
Compensated absences	246,754	34,734	-	281,488	-
Net pension liabilities	4,532,169	-	199,419	4,332,750	-
Total governmental long-term debt	\$ 7,956,496	\$ 152,059	\$ 354,419	\$ 7,754,136	\$ 160,000
<i>Business-Type Activities:</i>					
Revenue bond	\$ 1,275,000	\$ -	\$ 93,000	\$ 1,182,000	\$ 93,000
Other post employment benefits	377,435	77,595	-	455,030	-
Compensated absences	186,750	-	7,947	178,803	-
Net pension liabilities	1,720,201	-	50,483	1,669,718	-
Total business-type activities debt	\$ 3,559,386	\$ 77,595	\$ 151,430	\$ 3,485,551	\$ 93,000

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

Governmental Activities:

As of June 30, 2019, 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 are due in annual installments of \$135,000 to \$215,000 plus interest at 2.0% to 4.25%. The bonds are due annually from July 1, 2012 to July 1, 2029. The balance at June 30, 2019 is \$2,080,000 and debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 160,000	\$ 78,325
2021	165,000	72,838
2022	170,000	66,763
2023	175,000	60,293
2024	180,000	53,637
2025-2029	1,015,000	151,550
2030	215,000	4,569
	<u>\$ 2,080,000</u>	<u>\$ 487,975</u>

There are a number of covenants and restrictions in the bond indenture noted above. The City is not in compliance with one of the covenants related to the debt at 2019.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

Business Activities:

As of June 30, 2019, 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, 2019 is \$1,182,000 and debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 93,000	\$ 10,787
2021	94,000	9,899
2022	95,000	9,001
2023	96,000	8,094
2024	97,000	7,177
2025-2029	500,000	21,803
2030-2031	207,000	1,971
	<u>\$ 1,182,000</u>	<u>\$ 68,732</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, 2019.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

8. Interfund Receivables/Payables and Transfers

Amounts due from and to other funds as reported in the fund financial statements, at June 30, 2019, consist of the following:

Governmental Funds	Interfund Receivables	Interfund Payables	Net
General Fund	\$ 162,400	\$ 2,875	\$ 159,525
Lower Income Housing	580	-	580
	162,980	2,875	160,105
Proprietary Funds			
Water & Gas Fund	173,334	141,147	32,187
Sewer Fund	-	192,292	(192,292)
	173,334	333,439	(160,105)
	\$ 336,314	\$ 336,314	\$ -

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, 2019, interfund transfers consisted of the following:

Governmental Funds	Transfers In	Transfers Out	Net
General Fund	\$ 4,498	\$ 240,863	\$ (236,365)
Lower Income Housing	-	4,498	(4,498)
Municipal Debt Service Fund	240,863	-	240,863
	245,361	245,361	-
Proprietary Funds			
Water & Gas Fund	95,062	-	95,062
Sewer Fund	-	95,062	(95,062)
	95,062	95,062	-
	\$ 340,423	\$ 340,423	\$ -

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

At June 30, 2019, 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 5 years of creditable service for disability benefits
- Survivor's benefits require 5 years of creditable service at death of member
- Any age with 20 years of creditable service, exclusive of military service 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 service, exclusive of military service and unused side leave, with an actuarially reduced early benefit.

Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Survivor, death, and disability benefits are also provided under the plan.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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 continue but 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 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.

For the year ended June 30, 2018, the actual employer contribution rate was 24.75%.

The plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from non-employer contributing entities, but are not considered as special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense in the government-wide financial statements.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 26.00% of annual covered payroll. Contributions to the System also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. 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, 2019, 2018, and 2017 were \$427,066, \$370,294, and \$346,299, respectively, equal to the required contributions for each year.

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

Benefit rates are 3 1/3 % of average final compensation (average monthly earnings during the highest 36 consecutive months) times the number of years' service, not to exceed 100% of final salary.

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. Benefit rates are 3% and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months) times the number of years of creditable service, not to exceed 100% of final salary.

The plan also provides survivor, death, and disability 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, 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, 2018, employer contributions were 30.75% 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 30.75%.

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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 32.25% 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, 2019, 2018, and 2017 were \$300,287, \$286,133, and \$299,395, respectively, equal to the required contributions for each year.

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.

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. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. 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.

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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

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 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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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.

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), 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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

For the year ended June 30, 2019 employer contributions were 40.1% 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, 2019, 2018, and 2017 were \$5,766, \$0, and \$0, 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, 2019, 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability 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:

	MERS	MPERS	LASERS
Proportion (amount) of net pension liability	\$ 3,420,800	\$ 2,581,667	\$ -
Proportion (%) of net pension liability	0.8261%	0.3054%	0.0000%
Increase/(Decrease) from prior measurement date	0.0175%	0.0066%	0.0000%

For the year ended June 30, 2019, the City recognized pension expense as follows:

	2019
MERS	\$ 429,911
MPERS	314,905
LASERS	(31,900)
	<u>\$ 712,916</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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	\$ -	\$ 11,638	\$ -	\$ 11,638
Changes of assumptions	102,977	168,710	-	271,687
Net difference between projected and actual earnings on pension plan investments	524,215	123,759	-	647,974
Changes in proportion and differences between City contributions and proportionate share of contributions	24,647	-	-	24,647
City contributions subsequent to the measurement date	427,066	300,287	5,766	733,119
Total	\$ 1,078,905	\$ 604,394	\$ 5,766	\$ 1,689,065

	Deferred Inflows of Resources			
	MERS	MPERS	LASERS	Total
Differences between expected and actual experience	\$ 121,625	\$ 131,928	\$ -	\$ 253,553
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions		80,071	-	80,071
Total	\$ 121,625	\$ 211,999	\$ -	\$ 333,624

The deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date totaling \$733,119 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. 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:

Year	MERS	MPERS	LASERS	Total
2020	\$ 369,436	\$ 95,804	\$ -	\$ 465,240
2021	121,639	(4,391)	-	117,248
2022	46,236	(93,130)	-	(46,894)
2023	14,982	4,492	-	19,474
Total	\$ 552,293	\$ 2,775	\$ -	\$ 555,068

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	MERS	MPERS	LASERS
Inflation	2.600%	2.600%	2.75%
Salary Increases	5.00%	vary from 9.75% for first 2 years of service to 4.25% after 23 years	projected based on a 2009-2013 experience study of system members (3.8%- 12.8%)
Investment rate of return	7.275%	7.200%	7.70%
Actuarial cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Expected remaining Service Lives	3 years	4 years	3 years
Mortality	<p>Annuitant and beneficiary mortality - RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. Employee mortality - RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.</p> <p>Disabled lives mortality - RP-2000 Disabled Lives Mortality Table for females.</p>	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>	<p>Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The 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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<u>MERS</u>		
Public equity	50.00%	2.20%
Public fixed income	35.00%	1.50%
Alternatives	15.00%	0.60%
Totals	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%
<u>MPERS</u>		
Equity	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternatives	20.00%	1.07%
Other	6.00%	0.17%
Totals	100.00%	5.28%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.03%
<u>LASERS</u>		
Cash	0.00%	-0.24%
Domestic equity	25.00%	4.31%
International equity	32.00%	5.35%
Domestic Fixed Income	8.00%	1.73%
International Fixed Income	6.00%	2.49%
Alternative Investments	22.00%	7.41%
Global Asset Allocation	7.00%	2.84%
Totals	100.00%	5.26%
Inflation		2.75%
Expected Geometric Nominal Return		8.72%

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

Discount Rate

MERS

The discount rate used to measure the total pension liability was 7.275% for the years ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and 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 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LASERS

The discount rate used to measure the total pension liability was 7.70%. 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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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:

	1% Decrease	Current Discount Rate	1% Increase
MERS (current rate 7.275%)	\$ 4,394,330	\$ 3,420,800	\$ 2,589,858
MPERS (current rate 7.20%)	3,627,957	2,581,667	1,703,870
LASERS (current rate 7.70%)	-	-	-
	<u>\$ 8,022,287</u>	<u>\$ 6,002,467</u>	<u>\$ 4,293,728</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 \$51,533 and MPERS of \$60,261.

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) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

Benefits Provided – Medical benefits are provided through a self-insured medical plan 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. However, employees must have at least 25 years of service at retirement in order to obtain retiree medical coverage paid by the employer. Because of this requirement and based on past experience and retirement patterns, we have assumed that employees will enter D.R.O.P. after the later of age 55 and completion of 25 years of service. 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.

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	61
Total	<u>73</u>

Total OPEB Liability

The City's total OPEB liability of \$978,966 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.0% including inflation
Prior discount rate	3.87%
Discount rate	3.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

Changes in Total OPEB Liability

Balance at June 30, 2018	<u>\$ 1,320,007</u>
Changes for the year	
Service cost	29,610
Interest	51,657
Differences between expected and actual experience	97,474
Changes in assumptions	69,540
Benefit payments and net transfers	<u>(53,361)</u>
Net changes	<u>194,920</u>
Balance at June 30, 2019	<u><u>\$ 1,514,927</u></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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB Liability	\$ 1,750,705	\$ 1,514,927	\$ 1,324,229

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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	\$ 1,328,348	\$ 1,514,927	\$ 1,741,488

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$88,201. At June 30, 2019, 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	\$ 92,409	\$ -
Changes in assumptions	65,449	49,861
Total	\$ 157,858	\$ 49,861

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:	
2020	\$ 6,933
2021	6,933
2022	6,933
2023	6,933
2024	6,933
Thereafter	76,265

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2019

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 paid \$50,000 of claims in excess of the commercial insurance coverage for the year ended June 30, 2019.

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 \$97,334 for the year ended June 30, 2019.

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/continuingdisclosureview>.

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ 909,000	\$ 909,000	\$ 855,141	\$ (53,859)
Licenses and permits	371,800	371,800	370,290	(1,510)
Intergovernmental	3,161,600	3,161,600	3,274,778	113,178
Charges for services	533,000	533,000	549,717	16,717
Fines and forfeitures	50,000	50,000	46,505	(3,495)
Investment earnings	20,000	20,000	162,382	142,382
Miscellaneous	31,500	31,500	25,345	(6,155)
Total revenues	<u>5,076,900</u>	<u>5,076,900</u>	<u>5,284,158</u>	<u>207,258</u>
Expenditures				
Current				
General government	807,355	807,355	751,614	55,741
Public safety	1,959,770	1,959,770	1,953,752	6,018
Roads and drainage	1,567,582	1,567,582	1,400,033	167,549
Depot welcome center	18,100	18,100	11,314	6,786
Sanitation	533,000	533,000	544,432	(11,432)
Health	35,500	35,500	35,850	(350)
Community development	143,748	170,248	191,912	(21,664)
Fleet maintenance	139,908	139,908	122,603	17,305
Capital outlay				
General government	8,000	28,000	17,643	10,357
Public safety	56,000	91,338	109,918	(18,580)
Roads and drainage	39,200	44,700	41,810	2,890
Fleet maintenance	3,000	3,000	-	3,000
Total expenditures	<u>5,311,163</u>	<u>5,398,501</u>	<u>5,180,881</u>	<u>217,620</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(234,263)</u>	<u>(321,601)</u>	<u>103,277</u>	<u>424,878</u>
Other Financing Sources (Uses)				
Sales of general fixed assets	-	-	3,528	3,528
Operating transfers in	-	-	4,498	4,498
Operating transfers (out)	-	-	(240,863)	(240,863)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(232,837)</u>	<u>(232,837)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (234,263)</u>	<u>\$ (321,601)</u>	<u>(129,560)</u>	<u>\$ 192,041</u>
Fund Balance				
Beginning			<u>8,038,628</u>	
Ending			<u>\$ 7,909,068</u>	

CITY OF PORT ALLEN, LOUISIANA

Schedule of Revenues and Other Financing

Year Ended June 30, 2019

Sources - Budget and Actual

General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Taxes				
Ad valorem	\$ 575,000	\$ 575,000	\$ 543,365	\$ (31,635)
Franchise	334,000	334,000	311,776	(22,224)
Total taxes	909,000	909,000	855,141	(53,859)
Licenses and permits				
Business licenses and permits				
Professional and occupational	371,800	371,800	370,290	(1,510)
Total licenses and permits	371,800	371,800	370,290	(1,510)
Intergovernmental				
State shared revenues				
Alcoholic beverage tax	15,000	15,000	13,962	(1,038)
Video poker	26,000	26,000	15,144	(10,856)
Operating grant	5,300	5,300	5,300	-
On behalf payments	107,000	107,000	97,334	(9,666)
West Baton Rouge Parish shared revenues				
General sales and use tax	3,000,000	3,000,000	3,139,943	139,943
Subpoena reimbursements	8,300	8,300	3,095	(5,205)
Total intergovernmental	3,161,600	3,161,600	3,274,778	113,178
Charges for services				
Public safety - protective inspection fees	12,500	12,500	10,605	(1,895)
Sanitation - refuse collection charges	520,500	520,500	539,112	18,612
Total charges for services	533,000	533,000	549,717	16,717
Fines and forfeitures	50,000	50,000	46,505	(3,495)
Investment earnings	20,000	20,000	162,382	142,382
Miscellaneous	31,500	31,500	25,345	(6,155)
Total revenues	5,076,900	5,076,900	5,284,158	207,258
Other Financing Sources				
Sales of general fixed assets	-	-	3,528	3,528
Operating transfers in	-	-	4,498	4,498
Operating transfers out	-	-	(240,863)	(240,863)
Total other financing sources	-	-	(232,837)	(232,837)
Total revenues and other financing sources	\$ 5,076,900	\$ 5,076,900	\$ 5,051,321	\$ (25,579)

CITY OF PORT ALLEN, LOUISIANA*Schedule of Expenditures and Other Financing**Year Ended June 30, 2019**Uses - Budget and Actual**General Fund*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Current				
General government				
Legislative				
Personal services	\$ 39,151	\$ 39,151	\$ 39,463	\$ (312)
Judicial				
Personal services	113,048	113,048	118,833	(5,785)
Other services and charges	14,185	14,185	9,519	4,666
Executive				
Personal services	56,587	56,587	56,991	(404)
Administrative				
Personal services	284,884	284,884	283,301	1,583
Supplies	13,200	13,200	7,952	5,248
Other services and charges	286,300	286,300	235,555	50,745
Total general government	<u>807,355</u>	<u>807,355</u>	<u>751,614</u>	<u>55,741</u>
Public safety				
Police				
Personal services	1,578,827	1,578,827	1,533,621	45,206
Supplies	100,200	100,200	93,630	6,570
Other services and charges	218,500	218,500	274,455	(55,955)
Protective inspection				
Other services and charges	62,243	62,243	52,046	10,197
Total public safety	<u>1,959,770</u>	<u>1,959,770</u>	<u>1,953,752</u>	<u>6,018</u>
Roads and drainage				
Personal services	657,882	657,882	646,137	11,745
Supplies	165,500	165,500	124,009	41,491
Other services and charges	744,200	744,200	629,887	114,313
Total roads and drainage	<u>1,567,582</u>	<u>1,567,582</u>	<u>1,400,033</u>	<u>167,549</u>

CITY OF PORT ALLEN, LOUISIANA

Schedule of Expenditures and Other Financing

Year Ended June 30, 2019

Uses - Budget and Actual

General Fund, Continued

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Depot Welcome Center				
Supplies	2,100	2,100	259	1,841
Other services and charges	16,000	16,000	11,055	4,945
Total depot welcome center	18,100	18,100	11,314	6,786
Sanitation				
Other services and charges	533,000	533,000	544,432	(11,432)
Animal control				
Other services and charges	35,500	35,500	35,850	(350)
Community development				
Personal services	76,748	76,748	70,781	5,967
Other services and charges	67,000	93,500	121,131	(27,631)
Total community development	143,748	170,248	191,912	(21,664)
Fleet maintenance				
Personal services	129,058	129,058	100,772	28,286
Supplies	5,000	5,000	8,694	(3,694)
Other services and charges	5,850	5,850	13,137	(7,287)
Total fleet maintenance	139,908	139,908	122,603	17,305
Total current expenditures	5,204,963	5,231,463	5,011,510	219,953
Capital Outlay				
General government	8,000	28,000	17,643	10,357
Police	56,000	91,338	109,918	(18,580)
Roads and drainage	39,200	44,700	41,810	2,890
Total capital outlay expenditures	106,200	167,038	169,371	(2,333)
Total Expenditures	\$ 5,311,163	\$ 5,398,501	\$ 5,180,881	\$ 217,620

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, 2019

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 573,000	\$ 573,000	\$ 618,984	\$ 45,984
Investment earnings	-	-	692	692
Total revenues	<u>573,000</u>	<u>573,000</u>	<u>619,676</u>	<u>46,676</u>
Expenditures				
Current				
Housing assistance payments	<u>573,000</u>	<u>573,000</u>	<u>619,603</u>	<u>(46,603)</u>
Total expenditures	<u>573,000</u>	<u>573,000</u>	<u>619,603</u>	<u>(46,603)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>73</u>	<u>73</u>
Other Financing Sources (Uses)				
Operating transfers out	-	-	(4,498)	(4,498)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,498)</u>	<u>(4,498)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>(4,425)</u>	<u>\$ (4,425)</u>
Fund Balance				
Beginning			<u>28,482</u>	
Ending			<u>\$ 24,057</u>	

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2019

Municipal Complex Debt Service Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ 2,322	\$ 2,322
Total revenues	-	-	2,322	2,322
Expenditures				
Debt service				
Principal	160,000	160,000	155,000	5,000
Interest and other charges	83,925	83,925	80,925	3,000
Total expenditures	243,925	243,925	235,925	8,000
Excess (Deficiency) of Revenues Over Expenditures	(243,925)	(243,925)	(233,603)	10,322
Other Financing Sources (Uses)				
Operating transfers in	240,925	240,925	240,863	(62)
Total other financing sources (uses)	240,925	240,925	240,863	(62)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (3,000)	\$ (3,000)	7,260	\$ 10,260
Fund Balance				
Beginning			277,912	
Ending			<u>\$ 285,172</u>	

CITY OF PORT ALLEN, LOUISIANA**Schedule of Changes in Net OPEB Liability and Related Ratios****Year Ended June 30, of**

	2018	2019
Total OPEB Liability		
Service cost	\$ 32,288	\$ 29,610
Interest	49,170	51,657
Changes of benefit terms	-	-
Differences between expected and actual experience	753	97,474
Changes of assumptions	(52,794)	69,540
Benefit payments	(50,578)	(53,361)
Net Change in total OPEB liability	(21,161)	194,920
Total OPEB liability - beginning	1,341,169	1,320,008
Total OPEB liability - ending	<u>\$ 1,320,008</u>	<u>\$ 1,514,928</u>
Covered-employee payroll	\$ 2,478,512	\$ 2,552,867
Net OPEB liability as a percentage of covered-employee payroll	53.26%	59.34%
Notes to Schedule:		
<i>Benefit Changes:</i>	None	None
<i>Changes of Assumptions:</i>		
Discount Rate:	3.87%	3.50%

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 Contributions**

Year Ended June 30, 2019

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered-Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>MERS:</u>					
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%
<u>MPERS:</u>					
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%
<u>LASERS:</u>					
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, 2019

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
<u>MERS:</u>					
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%
2012	\$ 246,530	\$ 246,530	\$ -	\$ 1,471,821	16.75%
2011	\$ 216,866	\$ 216,866	\$ -	\$ 1,521,866	14.25%
2010	\$ 189,386	\$ 189,386	\$ -	\$ 1,402,859	13.50%
<u>MPERS:</u>					
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%
2012	\$ 206,164	\$ 206,164	\$ -	\$ 687,213	30.00%
2011	\$ 211,555	\$ 211,555	\$ -	\$ 846,220	25.00%
2010	\$ 87,940	\$ 87,940	\$ -	\$ 799,455	11.00%
<u>LASERS:</u>					
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%
2012	\$ 8,368	\$ 8,368	\$ -	\$ 26,314	31.80%
2011	\$ 6,271	\$ 6,271	\$ -	\$ 28,504	22.00%
2010	\$ 9,219	\$ 9,219	\$ -	\$ 49,565	18.60%

CITY OF PORT ALLEN, LOUISIANA

*Notes to Required Supplementary Schedules
Schedule of Employer's Proportionate Share of the
Net Pension Liability and Schedule of Employer's
Pension Contributions*

For the Year Ended June 30, 2019

LASERS, MERS, MPERS

Changes of Benefit Terms or Assumptions

There were no changes of benefit terms or assumptions for the year ended June 30, 2019.

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, 2019.

CITY OF PORT ALLEN, LOUISIANA

Other Supplementary Information

June 30, 2019

CITY OF PORT ALLEN, LOUISIANA

Schedule of Compensation Paid to City Council

Year Ended June 30, 2019

Council Member

Brandon Brown	\$ 12,000
Garry Hubble	12,000
Ray Helen Lawrence	12,900
Hugh Riviere	12,000
Carey Williams	12,000
	<u>\$ 60,900</u>

CITY OF PORT ALLEN, LOUISIANA

Schedule of Compensation Paid to Mayor

Year Ended June 30, 2019

Agency Head Name: Mayor Richard Lee

Purpose	
Salary	\$ 89,761
Benefits - retirement	22,089
Benefits - other	1,392
Car allowance	4,800
Registration fees	408
Other	348
Conference housing	587
Special Meals (Mayors meetings)	176
	<u>\$ 119,561</u>

CITY OF PORT ALLEN, LOUISIANA

*Schedule of Insurance in Force**Year Ended June 30, 2019*

Western Surety Co	Fidelity Bond - Mayor - R. Lee	\$50,000 employee faithful performance bond	7/1/2018-7/1/2019
Western Surety Co	Fidelity Bond - Ray Helen Lawrence	\$50,000 employee faithful performance bond	1/31/2017-1/31/2021
Western Surety Co	Fidelity Bond - Finance Director - A. McCain	\$50,000 employee faithful performance bond	7/1/2018-7/1/2019
Western Surety Co	Fidelity Bond - Chief Admn Officer - A. Genre	\$50,000 employee faithful performance bond	7/1/2018-7/1/2019
Western Surety Co	Fidelity Bond - Police Chief - E. Brown	\$50,000 employee faithful performance bond	1/31/2017-1/31/2021
Louisiana Municipal Risk Management Agency	Workers Compensation	Statutory	7/1/2018-6/30/2019
Lloyds/Lane & Associates	Auto physical damage	ACV with a \$250 comprehensive deductible and a \$500 collision deductible	7/1/2018-6/30/2019
EMC Insurance Co	Business Protection - Inland Marine	\$256,000 maximum w/ \$1,000 deductible	7/1/2018-6/30/2019
EMC Insurance Co	Business Protection - Property	DPW buildings \$293,600; contents \$78,400; 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.	7/1/2018-6/30/2019
Louisiana Municipal Risk Management Agency	Auto & Commercial General liability, Errors and Omissions, Law Enforcement Officer	All risks \$500,000 Combined Single Limit	7/1/2018-6/30/2019

CITY OF PORT ALLEN, LOUISIANA

Schedule of Statistical Data

Year Ended June 30, 2019

Number of sewer customers for the year ended June 30, 2019	2,231
User fee in effect at June 30, 2019:	
First 3,000 gallons of water used	20.40
Every 1,000 gallons of water in excess of 3,000 gallons	2.61
Total sewer revenue	834,065
Average monthly bill per user	31.15

**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 units, and each major fund of the City of Port Allen, Louisiana as of and for the year ended June 30, 2019, 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 11, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Port Allen, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2019-001 and 2019-002.

City of Port Allen's Response to Findings

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

Purpose of this Report

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

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, Louisiana
December 11, 2019

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2019

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>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses, Continued

Year Ended June 30, 2019

Section II – Financial Statement Findings

Compliance Finding

Item 2019-001 Violation of Bond Covenants

Criteria. The City has covenants related to long term debt that are required to be met.

Condition. The City did not meet one of the covenants related to its long-term debt.

Effect. The City could be exposed to some action from its lender if the covenant is not met.

Cause. The General Fund did not meet a covenant that requires it to maintain a “Debt Service Coverage Ratio Requirement” of 1.10 to 1.00.

Recommendation. The City should closely monitor the General Fund net revenue to be certain it is meeting all bond debt covenants.

Management’s Response. We agree and will monitor the General Fund net revenues to be certain we are complying with the bond covenants.

Item 2019-002 Failure to Comply with Local Government Budget Act Regarding Requirement to Amend the Budget If Greater Than 5% Variance in Total Expenditures

Criteria: R.S. 39:1311 requires that the budget of a fund be amended in the event that 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: Total expenditures exceeded amended budgeted expenditures by more than 5%.

Context: Management was unable to properly amend budget to cover total actual expenditures which exceeded total amended budgeted expenditures by 5% or more.

Effect: 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 that they were going to be over budget.

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses, Continued

Year Ended June 30, 2019

Recommendation: Due to the nature of this fund, it is not unlike that expenditures will vary from year to year. The City should put procedures in place to review the budget to actual amount 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.

Section III – Independent Auditor’s Comments on Resolution of Prior Audit Findings

RefNo.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding Ref No.
2018-001	2017	Bank Account Reconciliations	Resolved	N/A

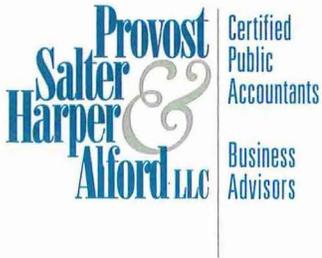
**INDEPENDENT
ACCOUNTANT'S REPORT
ON THE APPLICATION
OF AGREED-UPON PROCEDURES**

City of Port Allen

June 30, 2019



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



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, which were agreed to by City of Port Allen and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

CITY OF PORT ALLEN

Summary of Findings and Exceptions

June 30, 2019

Written Policies and Procedures

Procedure 1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
- 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, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

- 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.

Findings:

No exceptions noted.

Board

Procedure 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.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Bank Reconciliations

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

We obtained a listing of 12 client bank accounts and selected the main operating account and randomly selected 4 additional accounts.

- 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:

4 of the 5 reconciliations selected for testing did not include evidence that they were prepared within 2 months of the related 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:

3 of the 5 reconciliations selected for testing did not have 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:

Management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months for 2 of the reconciliations selected for testing.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

Collections

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

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

Procedure 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 that are responsible for cash collections do not share cash drawers/registers.

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

- 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.

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

- 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.

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

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

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

Procedure 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.

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in Year 1 testing in this category, therefore this procedure was excluded from testing.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

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

Procedure 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).

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Procedure 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.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- 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.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- 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.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Procedure 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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

Procedure 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.

The City of Port Allen had exceptions in Year 1 testing based strictly on the wording of the procedure. We believe the City of Port Allen has compensating controls that fully mitigate the underlying control risk.

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

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

The City of Port Allen had exceptions in Year 1 testing based strictly on the wording of the procedure. We believe the City of Port Allen has compensating controls that fully mitigate the underlying control risk.

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

The City of Port Allen had exceptions in Year 1 testing based strictly on the wording of the procedure. We believe the City of Port Allen has compensating controls that fully mitigate the underlying control risk.

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

The City of Port Allen had exceptions in Year 1 testing based strictly on the wording of the procedure. We believe the City of Port Allen has compensating controls that fully mitigate the underlying control risk.

Travel and Expense Reimbursement

Procedure 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:

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Contracts

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Payroll and Personnel

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2019

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

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

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Procedure 19: Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

The City of Port Allen did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Ethics

Procedure 20: Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Findings:

No exceptions noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

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Summary of Findings and Exceptions, Continued

June 30, 2019

Findings:

No exceptions noted.

Debt Service

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

Findings:

The City of Port Allen did not have any exceptions in the Year 1 testing in this category, therefore this procedure was excluded from testing.

Procedure 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.

Findings:

The City of Port Allen did not have any exceptions in the Year 1 testing in this category, therefore this procedure was excluded from testing.

Other

Procedure 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.

The City of Port Allen did not have any exceptions in the Year 1 testing in this category, therefore this procedure was excluded from testing.

Procedure 24: Observe that the entity has posted on its premises¹⁶ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The City of Port Allen did not have any exceptions in the Year 1 testing in this category, therefore this procedure was excluded from testing.

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Summary of Findings and Exceptions, Continued

June 30, 2019

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

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

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, LA
December 11, 2019