

CITY OF DONALDSONVILLE, LOUISIANA

FINANCIAL REPORT

June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Commission Council
City of Donaldsonville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Donaldsonville, Louisiana, (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, and each major fund of the City, as of June 30, 2021, 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 through 10, the budgetary comparison information on pages 63 through 67, the schedule of changes in total other postemployment benefits liability and related ratios on page 68, the schedule of proportionate share of the net pension liability on page 69, the schedule of contributions on page 70, and the notes to the required supplementary information on pages 71 - 72 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's basic financial statements. The statement of operating expenses – proprietary funds on page 73, the schedule of sewerage customers (unaudited) on page 74, the schedule of insurance in force (unaudited) on pages 75 - 77, the schedule of principal officials and salaries on page 78, the schedule of compensation, benefits, and other payments to agency head on page 79, and the justice funding schedule – collecting/dispersing entity on page 80 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The statement of operating expenses – proprietary funds, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, the justice funding schedule – collecting/dispersing entity, and the schedule of expenditures of federal awards and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of operating expenses – proprietary funds, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, the justice funding schedule – collecting/dispersing entity, and the schedule of expenditures of federal awards and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The schedule of sewerage customers (unaudited) and the schedule of insurance in force (unaudited) 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 23, 2021, on our consideration of the City'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2021

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

This section of the City of Donaldsonville's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the City's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The City's combined total net position increased by approximately \$825,000 or 6.7% over the course of this year's operations. Net position of our governmental activities increased by approximately \$318,000, and net position of our business-type activities increased by approximately \$506,000.
- During the year, the City's governmental expenses were approximately \$318,000 less than the \$6.3 million generated in charges for services, taxes, grants, operating transfers, and other revenue. In the City's business-type activities, expenses were approximately \$506,000 less than the \$2.8 million generated in revenues, transfers, and grants.
- The City's capital assets and long term liabilities for governmental activities increased approximately \$1.4 million and \$2.8 million, respectively from prior year. The increases are due to the completion of road projects and two new bond placements in the current year, respectively.
- The governmental funds reported approximately \$3.4 million in fund balance at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the gas and sewer systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Figure A-1			
Major Features of the City's Government and Fund Financial Statements			
		Fund Statements	
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire, and streets	Activities the City operates similar to private businesses: the gas and sewer system
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of net position ▪ Statement of activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of net position ▪ Statement of revenues, expenses, and changes in net position ▪ Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities—most of the City's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The City charges fees to customers to cover the costs of certain services it provides. The City's gas and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The City has two kinds of funds:

- Governmental funds—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position increased between fiscal years 2020 and 2021 approximately 6.7% to \$13.2 million. (See Table A-1)

	Table A-1			
	Town's Net Position			
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
ASSETS				
Current and other assets	\$ 3,598,369	\$ 2,711,673	\$ 2,699,877	\$ 2,306,773
Capital assets	12,679,701	11,261,742	9,272,093	9,241,281
TOTAL ASSETS	16,278,070	13,973,415	11,971,970	11,548,054
Deferred outflows of resources	1,017,512	719,033	188,830	168,244
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	17,295,582	14,692,448	12,160,800	11,716,298
LIABILITIES				
Current liabilities	649,470	785,802	765,294	1,166,137
Long-term liabilities	6,501,612	4,038,642	8,139,415	7,785,034
TOTAL LIABILITIES	7,151,082	4,824,444	8,904,709	8,951,171
Deferred inflows of resources	187,501	229,389	16,879	32,257
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,338,583	5,053,833	8,921,588	8,983,428
NET POSITION				
Net investment in capital assets	8,837,024	8,843,523	1,347,865	1,601,799
Restricted for:				
Section 8 expenditures	61,770	55,815	-	-
Debt service	704,932	540,402	695,250	606,445
Fire department capital expenditures	262,432	16,258	-	-
Public improvements	629,814	584,681	1,166,415	1,136,016
Unrestricted (deficit)	(538,973)	(402,064)	29,682	(611,390)
TOTAL NET POSITION	\$ 9,956,999	9,638,615	\$ 3,239,212	\$2,732,870

Net position of the City's governmental activities increased to approximately \$10 million. Net position of the City's business-type activities increased to approximately \$3.2 million.

Changes in net position. The City's total revenues remained fairly consistent with prior year. (See Table A-2.) Approximately 36 percent of the City's revenue comes from charges for services, 47 percent comes from tax collections, 10 percent is from various local and federal grants, and the remaining 7 percent is from various miscellaneous sources.

The City's total expenses for the year ended June 30, 2021 increased by approximately \$266,000 to \$8.3 million. Approximately, 72 percent of the City's expenses comes from its governmental activities and 28 percent comes from its business-type activities. (See Table A-2)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Governmental Activities

Revenues for the City's governmental activities increased 4.8 percent or approximately \$303,000. The main increase is attributed to an increase in sales taxes revenue received in the current year compared to the prior year. Expenses of the City's governmental activities increased from prior year expenses by approximately \$183,000 or 3.2 percent. Expenses increased from the prior year related to the public safety, streets, sanitation, welfare expenses, and debt services.

Table A-2				
Changes in Town's Net Position				
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Revenues				
Program revenues				
Charges for services	\$ 842,446	\$ 829,448	\$2,425,589	\$ 2,287,253
Operating grants and contributions	866,195	957,855	14,817	23,497
Capital grants and contributions	-	-	24,219	-
General revenues				
Taxes	4,270,970	3,705,942	-	-
Licenses and permits	358,367	361,958	-	-
Intergovernmental	252,526	431,217	74,557	92,122
Interest	4,416	5,905	632	1,126
Total revenues	6,594,920	6,292,325	2,539,814	2,403,998
Expenses				
General government	1,017,631	1,131,511	-	-
Public safety	2,218,640	2,110,841	-	-
Streets	989,412	863,586	-	-
Sanitation	906,430	896,090	-	-
Recreation	218,314	239,269	-	-
Welfare	485,550	475,224	-	-
Debt Services	134,031	70,966	-	-
Loss on disposition of assets	-	-	-	11,932
Business Type Activities	-	-	2,340,000	2,244,696
Total expenses	5,970,008	5,787,487	2,340,000	2,256,628
Increase in net position before transfers	624,912	504,838	199,814	147,370
Transfers (to) from	(306,528)	31,668	306,528	(31,668)
Increase in net position	318,384	536,506	506,342	115,702
Beginning net position	9,638,615	9,102,109	2,732,870	2,617,168
Net position	\$ 9,956,999	\$ 9,638,615	\$3,239,212	\$ 2,732,870

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2021

Business-type Activities

Revenues increased by approximately 5.6 percent to approximately \$2.5 million. The majority of the increase in revenues is the result of an increase in the cost of gas. Expenses of the City’s business-type activities increased from prior year expenses by 3.7 percent to approximately \$2.3 million. The increase in expenses from the prior year is also related to the increase in cost of gas as well as increased depreciation expense due to capitalization of completed sewer project in the current year.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$3,390,880, an increase of approximately 40.2 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised its General Fund budget. These budget amendments included an adjustment for an increase in transfers in by approximately \$332,000. This was mainly due to an increase in sales tax revenue from the prior year. The budget was also amended for an increase in capital outlay and public safety expenditures as well as for an increase in federal, state, and parish grants.

With these adjustments, actual revenues and transfers in were approximately \$127,000 over the final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of fiscal year 2021, the City had approximately \$22 million in a broad range of capital assets, including buildings, vehicles, and gas and sewer systems. (See Table A-3) This amount represents a net increase from the prior year (including additions and deductions) of approximately \$1.4 million or 7.1 percent. The main increase is attributed to completion of the Donaldsonville Road Project during the current year in governmental activities. Governmental activities have one incomplete projects at year end for the African American Museum. Business-type activities have various phases of the Sanitary Sewer Project as well as the Donaldsonville Natural Gas System Infrastructure Improvement Projects incomplete at year-end.

Table A-3
City’s Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	\$ 911,549	\$ 911,549	\$ 1,500	\$ 1,500
Gas, Plant, & Sewer Equipment	-	-	8,903,428	5,713,491
Construction in progress	365,785	445,463	367,165	3,526,290
Buildings & Improvements	11,010,653	9,489,243	-	-
Equipment	391,714	415,487	-	-
Total	\$12,679,701	\$11,261,742	\$ 9,272,093	\$ 9,241,281

Outstanding debt. At the end of the current fiscal year, the City had debt outstanding of \$12,274,228 as compared to \$10,023,013 in the prior year, an increase of approximately \$2.3 million or 22.5 percent. More information about the City’s long-term liabilities is presented in Note 9 to the financial statements.

**CITY OF DONALDSONVILLE
Donaldsonville, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's major sources of revenue for the General Fund are comprised of property taxes, occupational licenses, and franchise fees. The economy is not expected to generate any significant growth. All expenditures are expected to be consistent with the current year.

The City will receive over \$3.1 million to help offset any negative financial impact of COVID-19 as a result of the American Rescue Plan passed by Congress and signed by the President in March 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Sandra Williams, Finance Director, at 609 Railroad Avenue, Donaldsonville, LA 70346, phone # (225) 473-4247 Ext. 14.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 393,514	\$ 368,299	\$ 761,813
Receivables:			
Accounts receivables, net	171,002	236,581	407,583
Due from other governments	695,956	-	695,956
Internal balances	153,922	(153,922)	-
Restricted assets:			
Cash and interest-bearing deposits	2,183,975	2,248,919	4,432,894
Capital assets, net			
Non-depreciable	1,277,334	368,665	1,645,999
Net depreciable	11,402,367	8,903,428	20,305,795
Total assets	<u>16,278,070</u>	<u>11,971,970</u>	<u>28,250,040</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	877,487	126,268	1,003,755
Other postemployment benefits related	140,025	62,562	202,587
Total deferred outflows of resources	<u>1,017,512</u>	<u>188,830</u>	<u>1,206,342</u>
LIABILITIES			
Checks written in excess of cash balances	-	11,330	11,330
Accounts payables	140,366	92,082	232,448
Accrued payables	103,856	45,315	149,171
Payable from restricted assets:			
Customer deposits	250	243,203	243,453
Long-term liabilities:			
Debt and compensated absences:			
Due within one year (bonds payable and compensated absences)	394,998	373,364	768,362
Due in more than one year (bonds payable and compensated absences)	3,999,000	7,562,584	11,561,584
Net pension liability	2,086,556	385,763	2,472,319
Other postemployment benefits liability:			
Due within one year	10,000	-	10,000
Due in more than one year	416,056	191,068	607,124
Total liabilities	<u>7,151,082</u>	<u>8,904,709</u>	<u>16,055,791</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	181,337	14,036	195,373
Other postemployment benefits related	6,164	2,843	9,007
Total deferred inflows of resources	<u>187,501</u>	<u>16,879</u>	<u>204,380</u>
NET POSITION			
Net investment in capital assets	8,837,024	1,347,865	10,184,889
Restricted for:			
Section 8 expenditures	61,770	-	61,770
Debt service	704,932	695,250	1,400,182
Fire department capital expenditures	262,432	-	262,432
Public improvements	806,773	1,166,415	1,973,188
Unrestricted (deficit)	(715,932)	29,682	(686,250)
Total net position	<u>\$ 9,956,999</u>	<u>\$ 3,239,212</u>	<u>\$ 13,196,211</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 1,017,631	\$ 842,446	\$ 161,579	\$ -	\$ (13,606)	\$ -	\$ (13,606)
Public safety:							
Police	988,876	-	-	-	(988,876)	-	(988,876)
Fire	1,229,764	-	218,507	-	(1,011,257)	-	(1,011,257)
Streets	989,412	-	-	-	(989,412)	-	(989,412)
Recreation	218,314	-	-	-	(218,314)	-	(218,314)
Sanitation	906,430	-	-	-	(906,430)	-	(906,430)
Welfare	485,550	-	486,109	-	559	-	559
Interest on long-term debt	134,031	-	-	-	(134,031)	-	(134,031)
Total governmental activities	<u>5,970,008</u>	<u>842,446</u>	<u>866,195</u>	<u>-</u>	<u>(4,261,367)</u>	<u>-</u>	<u>(4,261,367)</u>
Business-type activities:							
Gas	1,034,206	1,256,218	8,166	24,219	-	254,397	254,397
Sewer	1,305,794	1,169,371	6,651	-	-	(129,772)	(129,772)
Total business-type activities	<u>2,340,000</u>	<u>2,425,589</u>	<u>14,817</u>	<u>24,219</u>	<u>-</u>	<u>124,625</u>	<u>124,625</u>
Total	<u>\$ 8,310,008</u>	<u>\$ 3,268,035</u>	<u>\$ 881,012</u>	<u>\$ 24,219</u>	<u>(4,261,367)</u>	<u>124,625</u>	<u>(4,136,742)</u>
General revenues							
Taxes							
Sales and use taxes					3,520,254	-	3,520,254
Franchise taxes					412,642	-	412,642
Property taxes					338,074	-	338,074
Interest and investment earnings					4,416	632	5,048
Licenses, permits, and fines					358,367	-	358,367
Miscellaneous					252,526	74,557	327,083
Transfers					(306,528)	306,528	-
Total general revenues and transfers					<u>4,579,751</u>	<u>381,717</u>	<u>4,961,468</u>
Change in net position					318,384	506,342	824,726
Net position - June 30, 2020					9,638,615	2,732,870	12,371,485
Net position - June 30, 2021					<u>\$ 9,956,999</u>	<u>\$ 3,239,212</u>	<u>\$ 13,196,211</u>

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Sales Tax	Section 8	Law Enforcement	Debt Service	Capital Projects	Total
ASSETS							
Cash and cash equivalents	\$ 258,889	\$ 27,213	\$ 68,632	\$ 38,780	\$ -	\$ -	\$ 393,514
Receivables:							
Accounts receivable, net	100,369	38,547	585	31,501	-	-	171,002
Due from other governments	108,212	587,744	-	-	-	-	695,956
Due from other funds	546,102	11,920	-	394,146	-	176,959	1,129,127
Restricted assets - cash	96,983	-	-	-	752,803	1,334,189	2,183,975
Total assets	<u>\$ 1,110,555</u>	<u>\$ 665,424</u>	<u>\$ 69,217</u>	<u>\$ 464,427</u>	<u>\$ 752,803</u>	<u>\$ 1,511,148</u>	<u>\$ 4,573,574</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 65,540	\$ 70,326	\$ -	\$ -	\$ -	\$ 4,500	\$ 140,366
Accrued payables	66,873	-	-	-	-	-	66,873
Due to other funds	485,080	394,955	7,447	76,835	10,888	-	975,205
Customer deposits	250	-	-	-	-	-	250
Total liabilities	<u>617,743</u>	<u>465,281</u>	<u>7,447</u>	<u>76,835</u>	<u>10,888</u>	<u>4,500</u>	<u>1,182,694</u>
Fund balances:							
Restricted for:							
Fire department capital expenditures	69,880	-	-	-	-	192,552	262,432
Section 8 expenditures	-	-	61,770	-	-	-	61,770
Debt service	-	-	-	-	741,915	-	741,915
Public improvements	-	-	-	-	-	1,314,096	1,314,096
Assigned							
Sewer and sanitation	-	200,143	-	-	-	-	200,143
Public safety operating and capital expenditures	115,347	-	-	387,592	-	-	502,939
Unassigned	307,585	-	-	-	-	-	307,585
Total fund balances	<u>492,812</u>	<u>200,143</u>	<u>61,770</u>	<u>387,592</u>	<u>741,915</u>	<u>1,506,648</u>	<u>3,390,880</u>
Total liabilities and balances							
balances	<u>\$ 1,110,555</u>	<u>\$ 665,424</u>	<u>\$ 69,217</u>	<u>\$ 464,427</u>	<u>\$ 752,803</u>	<u>\$ 1,511,148</u>	<u>\$ 4,573,574</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balance for governmental funds at June 30, 2021		\$ 3,390,880
Total net position reported for governmental activities in the statement of position is different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:		
Land	911,549	
Construction in progress	365,785	
Cost of buildings and equipment	18,179,882	
Less: Accumulated depreciation	<u>(6,777,515)</u>	12,679,701
Certain long-term assets applicable to the City's governmental activities are not available to pay in the current period and accordingly are not reported as fund assets.		
Deferred outflows - pension related	877,487	
Deferred outflows - other postemployment benefits related	<u>140,025</u>	1,017,512
Elimination of interfund assets and liabilities		
Due from other funds	(975,205)	
Due to other funds	<u>975,205</u>	-
Accrued interest payable on general obligation long-term liabilities was not reported in the funds.		
		(36,983)
Compensated absences payable are not reported as fund liabilities because they are not due and payable in the current period.		
		(43,998)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported in fund liabilities.		
Bonds payable	(4,350,000)	
Net pension liability	(2,086,556)	
Total other postemployment benefits liability	(426,056)	
Deferred inflows - pension related	(181,337)	
Deferred inflows - other postemployment benefits related	<u>(6,164)</u>	<u>(7,050,113)</u>
Total net position of governmental activities at June 30, 2021		<u><u>\$ 9,956,999</u></u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Sales Tax	Section 8	Law Enforcement	Debt Service	Capital Projects	Total
REVENUES							
Taxes	\$ 750,716	\$ 3,520,254	\$ -	\$ -	\$ -	\$ -	\$ 4,270,970
Licenses and permits	292,382	-	-	-	-	-	292,382
Intergovernmental	380,086	-	486,109	-	-	-	866,195
Fines	65,985	-	-	-	-	-	65,985
Charges for services	-	455,991	-	386,455	-	-	842,446
Other	250,145	783	5,396	501	117	-	256,942
Total revenues	<u>1,739,314</u>	<u>3,977,028</u>	<u>491,505</u>	<u>386,956</u>	<u>117</u>	<u>-</u>	<u>6,594,920</u>
EXPENDITURES							
General government	970,948	-	-	-	-	39,575	1,010,523
Public safety	1,126,326	-	-	988,876	-	-	2,115,202
Streets	681,893	-	-	-	-	68,376	750,269
Sanitation	53,134	853,296	-	-	-	-	906,430
Recreation	32,766	-	-	-	-	-	32,766
Welfare	-	-	485,550	-	-	-	485,550
Capital outlay	89,802	-	-	-	-	1,760,094	1,849,896
Debt service:							
Principal retirement	-	-	-	-	1,049,000	-	1,049,000
Interest and bank charges	13,273	-	-	-	102,994	-	116,267
Total expenditures	<u>2,968,142</u>	<u>853,296</u>	<u>485,550</u>	<u>988,876</u>	<u>1,151,994</u>	<u>1,868,045</u>	<u>8,315,903</u>
Excess of revenues over (under) expenditures	<u>(1,228,828)</u>	<u>3,123,732</u>	<u>5,955</u>	<u>(601,920)</u>	<u>(1,151,877)</u>	<u>(1,868,045)</u>	<u>(1,720,983)</u>
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	3,000,000	3,000,000
Operating transfers in	1,507,669	-	-	713,046	1,355,753	708,069	4,284,537
Operating transfers out	(187,528)	(3,125,312)	-	-	-	(1,278,225)	(4,591,065)
Total other financing sources (uses)	<u>1,320,141</u>	<u>(3,125,312)</u>	<u>-</u>	<u>713,046</u>	<u>1,355,753</u>	<u>2,429,844</u>	<u>2,693,472</u>
Net change in fund balances	91,313	(1,580)	5,955	111,126	203,876	561,799	972,489
Fund balances, beginning of year	401,499	201,723	55,815	276,466	538,039	944,849	2,418,391
Fund balances, end of year	<u>\$ 492,812</u>	<u>\$ 200,143</u>	<u>\$ 61,770</u>	<u>\$ 387,592</u>	<u>\$ 741,915</u>	<u>\$ 1,506,648</u>	<u>\$ 3,390,880</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Total net changes in fund balances at June 30, 2021 per Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 972,489
Capital assets:		
Capital outlay capitalized	1,849,896	
Depreciation expense for the year ended June 30, 2021	<u>(431,937)</u>	1,417,959
Long-term debt:		
Bond proceeds	(3,000,000)	
Bond payments - principal portion of debt service payments	1,049,000	
Change in accrued interest payable	(17,764)	
Change in compensated absences payable	(8,697)	
Net change in other postemployment benefits and deferred inflows/outflows of resources	(29,313)	
Net change in pension liability and deferred inflows/outflows of resources	<u>(65,290)</u>	<u>(2,072,064)</u>
Total change in net position at June 30, 2021 per Statement of Activities		<u>\$ 318,384</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	Gas Utility Fund	Sewerage District No. 1	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 346,632	\$ 21,667	\$ 368,299
Accounts receivable, net	85,926	150,655	236,581
Due from other funds	148,326	283,192	431,518
Total unrestricted assets	<u>580,884</u>	<u>455,514</u>	<u>1,036,398</u>
Restricted assets			
Cash and cash equivalents - customer deposits	278,090	92,216	370,306
Cash - sinking and reserve funds	56,607	655,591	712,198
Total restricted assets	<u>334,697</u>	<u>747,807</u>	<u>1,082,504</u>
Total current assets	<u>915,581</u>	<u>1,203,321</u>	<u>2,118,902</u>
Noncurrent assets			
Restricted assets			
Cash - contingencies and capital improvements funds	1,045,210	121,205	1,166,415
Capital assets (non-depreciable)	229,456	139,209	368,665
Capital assets (net of depreciation)	627,604	8,275,824	8,903,428
Total noncurrent assets	<u>1,902,270</u>	<u>8,536,238</u>	<u>10,438,508</u>
Total assets	<u>2,817,851</u>	<u>9,739,559</u>	<u>12,557,410</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	77,952	48,316	126,268
Other postemployment benefits related	33,516	29,046	62,562
Total deferred outflows of resources	<u>111,468</u>	<u>77,362</u>	<u>188,830</u>
LIABILITIES			
Current liabilities			
Payable from current assets:			
Checks written in excess of cash balance	1,865	9,465	11,330
Accounts payable	69,267	22,815	92,082
Accrued payables	20,476	24,839	45,315
Due to other funds	487,645	97,795	585,440
Compensated absences payable	5,188	6,532	11,720
Payable from restricted assets:			
Bonds payable in one year	38,644	323,000	361,644
Total current liabilities	<u>623,085</u>	<u>484,446</u>	<u>1,107,531</u>
Noncurrent liabilities			
Customer deposits	190,283	52,920	243,203
Bonds payable after one year	646,415	6,916,169	7,562,584
Net pension liability	238,153	147,610	385,763
Other postemployment benefits liability	106,262	84,806	191,068
Total noncurrent liabilities	<u>1,181,113</u>	<u>7,201,505</u>	<u>8,382,618</u>
Total liabilities	<u>1,804,198</u>	<u>7,685,951</u>	<u>9,490,149</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	8,665	5,371	14,036
Other postemployment benefits related	1,635	1,208	2,843
Total deferred inflows of resources	<u>10,300</u>	<u>6,579</u>	<u>16,879</u>
NET POSITION			
Net investment in capital assets	172,001	1,175,864	1,347,865
Restricted for debt service	55,792	639,458	695,250
Restricted for asset improvements and replacement	1,045,210	121,205	1,166,415
Unrestricted (deficit)	(158,182)	187,864	29,682
Total net position	<u>\$ 1,114,821</u>	<u>\$ 2,124,391</u>	<u>\$ 3,239,212</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Gas Utility Fund	Sewerage District No. 1	Total
OPERATING REVENUES			
Charges for services	\$ 1,256,218	\$ 1,169,371	\$ 2,425,589
Other	28,020	46,537	74,557
Total operating revenues	<u>1,284,238</u>	<u>1,215,908</u>	<u>2,500,146</u>
OPERATING EXPENSES			
Gas	378,649	-	378,649
Depreciation and amortization	62,704	372,499	435,203
Field	347,354	700,545	1,047,899
Administration	214,643	201,396	416,039
Total operating expenses	<u>1,003,350</u>	<u>1,274,440</u>	<u>2,277,790</u>
Operating income	<u>280,888</u>	<u>(58,532)</u>	<u>222,356</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	353	279	632
Intergovernmental	32,385	6,651	39,036
Interest and fiscal charges	(30,856)	(31,354)	(62,210)
Total non-operating revenues (expenses)	<u>1,882</u>	<u>(24,424)</u>	<u>(22,542)</u>
Income before operating transfers	<u>282,770</u>	<u>(82,956)</u>	<u>199,814</u>
OPERATING TRANSFERS			
Operating transfers in	-	408,105	408,105
Operating transfers out	-	(101,577)	(101,577)
Net operating transfers	<u>-</u>	<u>306,528</u>	<u>306,528</u>
CHANGE IN NET POSITION	282,770	223,572	506,342
NET POSITION			
Beginning of year	832,051	1,900,819	2,732,870
End of year	<u>\$ 1,114,821</u>	<u>\$ 2,124,391</u>	<u>\$ 3,239,212</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Gas Utility Fund</u>	<u>Sewerage District No. 1</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,274,071	\$ 1,246,798	\$ 2,520,869
Cash payments from customer deposits	1,788	750	2,538
Cash payments to suppliers for goods and services	(657,724)	(1,113,369)	(1,771,093)
Cash payments to employees	(262,066)	(188,106)	(450,172)
Cash loans from other funds	105,172	(95,340)	9,832
Net cash provided by (used in) operating activities	<u>461,241</u>	<u>(149,267)</u>	<u>311,974</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating transfers, net	-	306,528	306,528
Subsidy from grants	45,335	17,198	62,533
Net cash provided by non-capital financing activities	<u>45,335</u>	<u>323,726</u>	<u>369,061</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest and fiscal charges on capital debt	(30,856)	(29,875)	(60,731)
Proceeds received from capital debt	-	650,208	650,208
Principal paid on capital debt	(36,993)	(313,000)	(349,993)
Acquisition of capital assets	(112,284)	(353,731)	(466,015)
Net cash used in capital and related financing activities	<u>(180,133)</u>	<u>(46,398)</u>	<u>(226,531)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	353	279	632
Net cash provided by investing activities	<u>353</u>	<u>279</u>	<u>632</u>
Net increase in cash	326,796	128,340	455,136
Cash at beginning of year	1,399,743	762,339	2,162,082
Cash at end of year	<u>\$ 1,726,539</u>	<u>\$ 890,679</u>	<u>\$ 2,617,218</u>

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Gas Utility Fund	Sewerage District No. 1	Total
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Income (loss) from operations	\$ 280,888	\$ (58,532)	\$ 222,356
ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH BY (USED IN) OPERATING ACTIVITIES:			
Depreciation and amortization	62,704	372,499	435,203
Change in operating assets and liabilities:			
Accounts receivable	(10,167)	30,890	20,723
Deferred outflows of resources	(13,465)	(7,121)	(20,586)
Prepaid expenses	4,469	3,511	7,980
Checks written in excess	1,865	9,465	11,330
Accounts payable	(8,437)	(203,897)	(212,334)
Accrued payroll payables	2,943	(218,450)	(215,507)
Deferred inflows of resources	(9,273)	(6,105)	(15,378)
Net pension liability	34,734	17,555	52,289
Net OPEB liability	8,020	5,508	13,528
Due to other funds	105,172	(95,340)	9,832
Customer deposits	1,788	750	2,538
Net cash provided by (used in) operating activities	\$ 461,241	\$ (149,267)	\$ 311,974
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current assets-			
Cash and cash equivalents	\$ 346,632	\$ 21,667	\$ 368,299
Restricted cash and cash equivalents	334,697	747,807	1,082,504
Noncurrent assets-			
Restricted cash and cash equivalents	1,045,210	121,205	1,166,415
Total cash and cash equivalents	\$ 1,726,539	\$ 890,679	\$ 2,617,218

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

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies

The City of Donaldsonville, Louisiana (the City) was incorporated February 11, 1975 by their home rule charter, under the authority of Article VI, section 5 of the Louisiana Constitution of 1974. The municipal government provided by this home rule charter shall be known as the "Commission" form of government and provides the following services as authorized by its charter: police and fire protection, streets and drainage, parks and recreation, certain social services, and general administration services. The City owns and operates two enterprise activities, consisting of a gas utility fund and a sewer utility fund which provide gas and sewer services to the citizens of the City.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB), Statement No. 61, codified into Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the City is a general-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the City does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable.

In some instances, the potential component unit should be included in the reporting entity, if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on these criteria, management has determined that the City does not have any other reporting entity that should be considered a component unit as required by generally accepted accounting principles. There are three related organizations that were determined not to be a component unit:

Donaldsonville Housing Authority's (the Authority) operating and capital expenditures, including debt service, are financed from federal grants and tenant rentals. The City has no involvement in the determination of the Authority's budget, rental rates, or any obligation for the Authority's outstanding debt. Financial transactions between the City and the Authority, reported in the accompanying financial statements, reflect contractual agreements between the parties for the provision of specific services by the City for the Authority.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Financial Reporting Entity (continued)

The Industrial Development Board of the City of Donaldsonville, Louisiana, Inc. (Development Board) is a legally separate entity whose board is appointed by the City of Donaldsonville council. However, there is no potential for the Development Board to impose a financial burden on the City, and the potential for the Development Board to provide specific financial benefit to the City is not likely.

The Downtown Development District (District) is a legally separate entity whose voting members are appointed by the City of Donaldsonville council. However, there is no potential for the District to impose a financial burden on the City, and the potential for the District to provide specific financial benefit to the City is not likely.

This report includes all funds which are controlled by the City. The City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation

The City's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities. Interfund activity consists of interfund receivables and payables. As a general rule, the effect of interfund activity has been eliminated from both the statement of net position and the statement of activities. The government-wide presentation focuses primarily on the long-term sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. 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. This includes externally dedicated resources such as a restricted property tax.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Fund Financial Statements

Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories.

The daily accounts and operations of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped into generic fund types and two broad fund categories as follows:

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

General Fund – The General Fund is the government’s primary operating fund of the City and is considered to be a major fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures (other than major capital projects or debt service) for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources that are committed, restricted, or assigned to the payment of, general long-term debt principal, interest and related costs on long-term obligations of governmental funds.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Proprietary Funds:

Enterprise Funds – Enterprise funds are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are combined and presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements. The enterprise funds reported as major funds in the fund financial statements consist of:

The Gas Fund accounts for the sale and distribution of gas 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, billing and collection of a user fee, and administration of gas lines including long-term capital improvements.

The District No. 1 Sewerage Fund accounts for the provision of sewer services and sewer treatment 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, billing and collection of a user fee, and administration of sewerage facilities including long-term capital improvements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 in the year for which they are levied.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental funds resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The City's definition of available means expected to be received within sixty days of the end of the fiscal year for all revenues except grants or entitlements on federal or state assistance programs. The availability period for these grant programs is twelve months.

Nonexchange transactions, in which the City receives value without directly giving value in return, includes sales tax, property tax, special assessments, grants, entitlements, and donations. Property taxes are recognized as revenues in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales tax and gross receipts business tax revenues are recognized when the underlying transaction occurs and meets the availability criteria, as described in the preceding paragraph. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied, subject to the availability criteria. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, arbitrage payable, total other postemployment benefit liability, net pension liability and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on an economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

The City reports the following major governmental funds:

General Fund - To account for resources traditionally associated with the governments that are not required to be accounted for in another fund.

Sales Tax Special Revenue Fund - To account for the sales tax and garbage collection revenues and expenditures associated with garbage collection.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements (continued)

Section 8 Special Revenue Fund - To account for the revenues and expenditures associated with the HUD housing voucher program.

Law Enforcement Special Revenue Fund - To account for the sales tax and household fee revenues and expenditures associated with the City's law enforcement.

Debt Service Fund – To meet requirements of bond ordinances and to account for the accumulation of resources for and the payment of general longer-term debt principal, interest, and related costs.

Capital Projects Fund - To account for financial resources received and used for the acquisition, construction, or improvements of capital facilities not reported in other governmental funds.

The City reports the following major enterprise funds:

Gas Fund – To account for the sale and distribution of gas to the residents of the City.

Sewer Fund – To account for the provision of sewer services and sewer treatment services to the residents of the City.

Budgetary Data

Budget Policies and Budgetary Accounting:

Annual budgets are adopted and recorded in the accounting records for all governmental type funds. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- A proposed budget is prepared and submitted to the Mayor and City Council prior to the beginning of each fiscal year.
- The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval from the City Council.
- All budgetary appropriations lapse at the end of each fiscal year.
- Budgets for the General Fund, Special Revenue, Debt Service Funds, and Capital Projects Fund are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the City Council.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Budgetary Data (continued)

Encumbrances:

Encumbrances representing purchase orders, contracts or other commitments are recorded in governmental fund-type budgetary funds to reserve portions of applicable appropriations. Encumbrances are part of the budgetary process and are included in actual expenditures when a comparison with budget is necessary. Encumbrances at year-end are not considered expenditures in the financial statements presented on the GAAP basis. Encumbrances are reported in the governmental fund-type balance sheet in the restricted, committed, or assigned fund balance classifications.

Excess of Expenditures over Appropriations:

For the year ended June 30, 2021, expenditures and transfers out exceeded appropriations in the General Fund, Sales Tax Fund, Section 8 Fund, and Law Enforcement Fund. These excess expenditures were covered by transfers from other funds and available fund balance in the fund.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents for the primary government includes demand deposit and interest-bearing demand deposit accounts, cash on hand, certificates of deposit, petty cash, and cash for all sinking funds and debt service reserve funds.

Cash equivalents for each fund include demand deposit account balance, cash on hand, and certificates of deposit with maturities of three months or less from date purchased.

Investments, which include time certificates of deposit, are stated at cost, which approximates market value.

The investment policies of the City are governed by State Statutes and bond covenants and requires all securities to be investment-grade obligations but does not address specific credit quality ratings. The City does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not address credit quality ratings, concentration of credit risk by issuer, or investment maturity limitations. The City may also invest in bonds, debentures, and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States and issued or guaranteed by United States instrumentalities which are federally sponsored. Investments are stated at fair value. The City holds investments that are measured at fair value on a recurring basis. Fair value was determined using quoted market prices. Investment income includes interest earned, realized gains and losses, and unrealized gains and losses (changes in fair value).

Restricted Assets

Certain bond proceeds, debt service sinking funds, and ad valorem tax collections are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Position since the use of these funds is limited by applicable bond covenants and tax millages.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Interfund Receivables and Payables

Short-term cash borrowing between funds are considered temporary in nature. These amounts are reported as “due to/from 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.”

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Major accounts receivable are recorded for: (1) sewer user fees in the Sewer District No. 1 Fund; and (2) gas sales in the Gas Fund. Uncollectible revenues are estimated at approximately ½ percent for the sewer user and gas collection fees with uncollectibles written off on a monthly basis.

Accounts receivable reported for governmental activities and governmental funds include receivables for garbage collection and a law enforcement fee accounted for in the Sales Tax Fund and Law Enforcement Fund, respectively. This entity-wide accounts receivable is accrued net of a varying uncollectible percentage, based upon past trends of collection, by number of months outstanding.

Capital Assets

All capital assets for governmental activities are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated assets are recorded as capital assets at their acquisition value. Capital assets are recorded in the Government-wide Financial Statements, but are not reported in the Fund Financial Statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets with a cost of \$500 or more are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 40 years.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system plant	20-35 years
Gas plant	25 years
Sewerage & gas system equipment	5-10 years
Buildings	25-40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Accumulated Unpaid Vacation

City employees earn from 5 to 15 days of vacation leave each year, depending upon length of service. Vacation leave may not be carried forward from one year to the next, except in emergency situations. Any unused vacation leave is paid to the employee upon retirement or termination. The cost of vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Liabilities

In the government-wide Statement of Net Position and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of debt issuance. Bonded debt premiums, discounts, and gains (losses) on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net or gross of the applicable bond premium or discount. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial reporting period. The face amount of the debt issue and premiums received on debt issuances and discounts on debt are reported as "other financing sources (uses)."

Excess revenue contracts, loans, and notes are obligations of the general government and payment of these debts are normally provided by transfers from the General Fund to a debt service fund. However, if a debt is intended to be repaid by an enterprise fund it is recorded as a proprietary long-term debt.

Sales tax revenue bonds are secured by sales tax revenues. For those issues not associated with enterprise fund operations, payment of the debt is provided by sales tax revenue recognized in the sales tax fund and then transferred to the appropriate debt service fund. Sales tax revenue bond issues associated with enterprise funds are accounted for in the relevant enterprise fund.

Pension Plans

The City is a participating employer in two cost-sharing, multiple-employer defined benefit pension plans as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – 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 “net investment in capital assets.”

When both restricted and unrestricted resources are available for use for a particular project or purpose, it’s the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Non-spendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.
- b. Restricted – represents balances where constraints have been established by parties outside the City of Donaldsonville or imposed by law through constitutional provisions or enabling legislation.
- c. Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority.
- d. Assigned – represents balances that are constrained by the City’s intent to be used for specific purposes, but are not restricted nor committed.
- e. Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the City reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the City reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Bad Debts

Uncollectible amounts due from customers' sewer fee receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases, where repayment is expected, the advances are accounted for through the various due from and due to accounts. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The primary government's deferred outflows of resources and deferred inflows of resources on the statement of net position are a result of deferrals concerning pensions and other postemployment benefits.

Note 7 presents detailed information concerning the amounts related to pensions, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Note 8 presents detailed information concerning the amounts related to other postemployment benefits, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, business interruption, errors and omissions; employee injuries and illnesses, natural disasters; and employee health benefits. The City carries commercial insurance for all risks of loss.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Arbitrage Liability

Section 148 of the Internal Revenue Code of 1986, as amended, requires that issuers of tax exempt debt make arbitrage calculations annually on bond issues issued after August 31, 1986, to determine whether an arbitrage rebate liability exists between the issuer and the U.S. Department of Treasury. Arbitrage is the difference (or profit) earned from borrowing funds at tax exempt rates and investing the proceeds in higher yielding taxable securities. There are no arbitrage rebate liabilities outstanding to the U.S. Department of Treasury for City issues at June 30, 2021.

Current Year Adoption of New Accounting Standard

The City adopted GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period, such that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using economic resources measurement focus. This Statement also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

2. Ad Valorem Taxes

Ad valorem taxes were levied by the City on July 14, 2020 for the calendar year 2020, based on the assessed valuation of property as of January 1 of the calendar year. These taxes become due and payable in November of each year, and become delinquent after January 1 following the year levied.

Total assessed value was \$28,354,050 in calendar year 2020.

The following is a summary of authorized and levied city wide ad valorem taxes for the fiscal year ended June 30, 2021:

<u>City-wide taxes</u>	<u>Adjusted Mills</u>	<u>Levied Mills</u>	<u>Expiration Date</u>
General	6.34	6.52	Not Applicable
Fire Protection	4.86	5.00	4/2023

State law requires the City to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until taxes are paid. After notice is given to the delinquent taxpayers, the City is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3. Cash and Deposits

Cash includes demand deposits and interest bearing demand deposits. Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union or the laws of the United States. Further, the City may deposit funds in time deposits or certificates of deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2021, the City's bank balance totaled \$5,288,527. Of this balance, \$750,000 was insured by federal deposit insurance, \$258,728 was insured or collateralized with securities held by the City or its agent in the City's name, and \$4,279,799 was collateralized with securities held by the pledging financial institutions' trust department or agent in the City's name.

4. Accounts Receivable

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

<u>Class of Receivable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Charges for services		
Sewer	\$ -	\$ 150,655
Gas	-	85,926
Garbage Fee	38,547	-
Law Enforcement	31,501	-
Due from tenant		
Section 8	585	-
Franchise taxes and other		
General	100,369	-
Total	<u>\$ 171,002</u>	<u>\$ 236,581</u>

The accounts receivable for the Sewer Utility fund is net of an allowance for doubtful accounts of \$8,600. The accounts receivable for the Gas Utility fund is net of an allowance for doubtful accounts of \$9,200. The accounts receivable for the Law Enforcement fund is net of an allowance for doubtful accounts of \$4,840. The accounts receivable for the Sales Tax fund is net of an allowance for doubtful accounts of \$5,450.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

5. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2021 consist of the following:

	Governmental Activities		Total
	General Fund	Special Revenue Funds	
Ascension Parish Sales and Use Tax Authority	\$ -	\$ 587,744	\$ 587,744
Beer Taxes from the State of Louisiana	1,815	-	1,815
Ascension Parish Fire Protection Grant	83,152	-	83,152
Ascension Parish Sheriff City Court Fund	8,140	-	8,140
State of Louisiana Department of Culture, Recreation, and Tourism	15,075	-	15,075
Other	30	-	30
	\$ 108,212	\$ 587,744	\$ 695,956

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2021, are as follows:

Governmental Activities:

	Balance 6/30/2020	Additions	Deletions	Reclassifications	Balance 6/30/2021
Land	\$ 911,549	\$ -	\$ -	\$ -	\$ 911,549
Construction in progress	445,463	1,760,094	-	(1,839,772)	365,785
Capital assets, non-depreciable	\$ 1,357,012	\$ 1,760,094	\$ -	\$ (1,839,772)	\$ 1,277,334
Buildings and Improvements	\$ 12,866,960	\$ 3,151	\$ -	\$ 1,839,772	\$ 14,709,883
Furniture and Equipment	3,423,452	86,651	(40,104)	-	3,469,999
Capital assets, depreciable	16,290,412	89,802	(40,104)	1,839,772	18,179,882
Less: Accumulated depreciation	(6,385,682)	(431,937)	40,104	-	(6,777,515)
Net depreciable capital assets	\$ 9,904,730	\$ (342,135)	\$ -	\$ 1,839,772	\$ 11,402,367

For the year ended June 30, 2021, depreciation expense of \$431,937 was charged to the following functions:

General Government	\$ 49,740
Streets	185,527
Recreation	107,857
Public Safety	11,122
Fire	77,691
	\$ 431,937

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

6. Capital Assets (continued)

With respect to governmental activities, the City has one incomplete construction project as of June 30, 2021 that is reported as Construction in progress in the schedule above. The project is the African American Museum. No costs were incurred during the current year for this project due to the City awaiting funding. Costs incurred in prior years for this project were approximately \$366,000. The City completed two projects during the current year. The first being the Donaldsonville Road Project. Costs incurred during the current year were \$1,760,094 for this project which consisted of architect and construction fees. Costs incurred during prior years for this project were \$73,218. The second project was the Dville Village Street Project. The total cost of the project being capitalized is \$6,460 which were costs incurred in prior years.

The majority of capital asset additions, other than the construction in progress, during the current year includes various vehicle accessories.

Business-Type Activities:

	Balance 6/30/2020	Additions	Deletions	Reclassifications	Balance 6/30/2021
Land	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Construction in progress	3,526,290	378,354	-	(3,537,479)	367,165
Capital assets, non-depreciable	<u>\$ 3,527,790</u>	<u>\$ 378,354</u>	<u>\$ -</u>	<u>\$ (3,537,479)</u>	<u>\$ 368,665</u>
Sewer System	\$ 13,126,443	\$ 86,311	\$ (16,771)	\$ 3,537,479	\$ 16,733,462
Gas Plant	2,288,136	1,350	(31,123)	-	2,258,363
Capital assets, depreciable	15,414,579	87,661	(47,894)	3,537,479	18,991,825
Less: Accumulated depreciation	<u>(9,701,088)</u>	<u>(435,203)</u>	<u>47,894</u>	<u>-</u>	<u>(10,088,397)</u>
Net depreciable capital assets	<u>\$ 5,713,491</u>	<u>\$ (347,542)</u>	<u>\$ -</u>	<u>\$ 3,537,479</u>	<u>\$ 8,903,428</u>

For the year ended June 30, 2021, depreciation expense was \$435,203. Construction in progress additions are mainly the result of costs incurred for Sewer Pump Station C of the City's Sanitary Sewer project and the Donaldsonville Natural Gas System Infrastructure Improvement project, which totaled \$192,339 and \$110,934, respectively in the current year. During the current year, Sewer Pump Station C of the Sanitary Sewer project was completed and included as an asset addition in the amount of approximately \$3.5 million.

7. Pension and Retirement Plans

The City is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Firefighters' Retirement System (FRS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plans (continued)

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS:	FRS
7937 Office Park Boulevard	3100 Brentwood Drive
Baton Rouge, Louisiana	Baton Rouge, Louisiana 70809
70809	(225) 925-4060
(225) 925-4810	www.ffret.com
www.mersla.com	

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:1732. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:1801.

Firefighters' Retirement System (FRS)

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer plan. The plan provides retirement, disability, and survivor benefits to eligible state employees as defined in LRS 11:2252. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:1801-1805.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plans (continued)

Funding Policy (continued)

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2021, for the City and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan B		
Members hired prior to 01/01/2013	15.50%	5.00%
Members hired after 01/01/2013	15.50%	5.00%
Firefighters' Retirement System		
Employees receiving compensation above poverty guidelines of US Department of Health	32.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.25%	8.00%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2021	2020	2019
Municipal Employees' Retirement System Plan B	\$ 132,732	\$ 121,204	\$ 106,441
Firefighters' Retirement System	171,011	145,441	119,647

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (110,407)
Changes of assumptions	172,459	-
Net difference between projected and actual earnings on pension plan investments	270,685	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	256,868	(84,966)
Employer contributions subsequent to the measurement date	303,743	-
Total	<u>\$ 1,003,755</u>	<u>\$ (195,373)</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan B	\$ 331,604	\$ (36,860)
Firefighters' Retirement System	672,151	(158,513)
	<u>\$ 1,003,755</u>	<u>\$ (195,373)</u>

The City reported a total of \$303,743 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2021. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan B	\$ 132,732
Firefighters' Retirement System	171,011
	<u>\$ 303,743</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year	MERS	FRS	Total
2021	\$ 60,551	\$ 52,295	\$ 112,846
2022	60,293	99,940	160,233
2023	25,058	81,954	107,012
2024	16,110	59,601	75,711
2025	-	21,760	21,760
2026	-	27,077	27,077
	\$ 162,012	\$ 342,627	\$ 504,639

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2020 are as follows:

	MERS	FRS
Valuation Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining Service Lives	3 years	7 years
Investment Rate of Return	6.95% per annum	7.00% per annum
Inflation Rate	2.50% per annum	2.50% per annum
Mortality	For annuitant and beneficiary mortality tables used were: PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For employees, PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using their respective male and female MP2018 scales. For disabled annuitants, PubNS-2010(B) Disabled Retiree Table set equal to	For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. For annuitants and beneficiaries, mortality was set equal to the Pub- 2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees. For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for safety Disabled Retirees. In all cases the base table

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

Mortality (continued)	120% for males and females with the full generational MP2018 scale.	was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.
Salary Increases	Vary from 7.4% in the first four years of service to 4.9% after 4 years.	Vary from 14.10% in the first two years of service to 5.2% after 3 years.
Cost of Living Adjustments	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.	Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLA's, pursuant to RS:241, the board may also grant and increase based on a formula equal to up to \$1 times the total numbers of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

The following schedule lists the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

MERS	FRS
<p>The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 6.95% for the year ended June 30, 2020.</p>	<p>The estimated long-term expected rate of return on pension plan investments was determined by using the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simple reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of returns, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in the process for the fiscal year ended June 30, 2020. The resulting expected long-term rate of return is 7.0% for the year ended June 30, 2020.</p>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the retirement systems target asset allocations as of June 30, 2020:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	FRS	MERS	FRS
Public equity	53.0%	-	2.33%	-
Equity	-	-	-	-
U.S. Equity	-	26.0%	-	5.72%
Non-U.S. Equity	-	18.0%	-	14.85%
Global Equity	-	10.0%	-	6.23%
Public fixed income	38.0%	-	1.67%	-
Fixed Income	-	31.0%	-	4.40%
Alternatives	9.0%	-	0.40%	-
Real Estate	-	6.0%	-	4.20%
Private Equity	-	9.0%	-	10.29%
Multi-Asset Strategies	-	-	-	-
Global Tactical Asset Allocation	-	-	-	4.22%
Risk Parity	-	-	-	4.22%
Totals	<u>100.0%</u>	<u>100.0%</u>		

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. Pension and Retirement Plans (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of 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. The discount rate used to measure the total pension liability for MERS and FRS was 6.95% and 7.00%, respectively for the year ended date June 30, 2020.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the Net Pension Liability (NPL) using the discount rate of each retirement system as well as what the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the retirement systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<u>MERS</u>			
Rates	5.95%	6.95%	7.95%
City of Donaldsonville's Share of NPL	\$ 1,348,611	\$ 1,013,089	\$ 729,192
 <u>FRS</u>			
Rates	6.00%	7.00%	8.00%
City of Donaldsonville's Share of NPL	\$ 2,107,843	\$ 1,459,230	\$ 917,829

Payables to the Pension Plan

The City recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2021 mainly due to the accrual for payroll at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accrued payables. The balance due to each for the retirement systems at June 30, 2021 is as follows:

	June 30, 2021
MERS	\$ 6,292
FRS	8,235
	\$ 14,527

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. Postemployment Health Care Benefits

General Information about the Other Postemployment Benefit (OPEB) Plan

Plan description – The City provides certain continuing health care and life insurance benefits for its retired employees. The City’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*.

Benefits Provided – Medical / dental benefits are provided through a comprehensive health plan and are made available to employees upon actual retirement. The employees are covered by several retirement systems with similar eligibility provisions. In the absence of specific details about which employees are covered by each system, the following retirement eligibility (D.R.O.P. entry) provisions were used as representative of the eligibility: 25 years of service at any age; or, age 60 and 10 years of service if earlier; or, for employees hired after January 1st, 2013, the earliest of age 55 and 30 years of service, age 62 and 10 years of service, and age 67 with 7 years of service.

Employees covered by benefit terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	26
	28

Total OPEB Liability

The City’s total OPEB liability of \$617,124 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 1, 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	2.0%
Salary increases	3.0%, including inflation
Prior Discount rate	2.21%
Discount rate	2.16% annually
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2021 the end of the applicable measurement period.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2021.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. Postemployment Health Care Benefits (continued)

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 570,606
Changes for the year:	
Service cost	2,149
Interest	12,634
Differences between expected and actual experience	20,300
Changes in assumptions	21,154
Benefit payments and net transfers	(9,719)
Net changes	46,518
Balance at June 30, 2021	\$ 617,124

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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1.0% Decrease (1.16%)	Current Discount Rate (2.16%)	1.0% Increase (3.16%)
Total OPEB liability	\$ 686,432	\$ 617,124	\$ 556,786

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	\$ 559,296	\$ 617,124	\$ 682,630

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$51,053. At June 30, 2021, 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	\$ 121,480	\$ -
Changes in assumptions	81,107	(9,007)
Total	\$ 202,587	\$ (9,007)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. Postemployment Health Care Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(continued)

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	
2022	\$ 36,270
2023	36,270
2024	36,270
2025	36,269
2026	36,269
Thereafter	12,232
	\$ 193,580

9. Long-Term Liabilities

The following is a summary of long-term debt transactions for the year ended June 30, 2021:

	Payable June 30, 2020	Additions	Deletions	Payable June 30, 2021	Amount Due within one year
<u>Governmental activities:</u>					
Direct borrowing and placement of debt:					
Sales Tax Revenue Bonds, Series 2012	\$ 915,000	\$ -	\$ 915,000	\$ -	\$ -
Sales Tax Revenue Bonds, Series 2016	595,000	-	75,000	520,000	80,000
2018 Limited Tax Revenue Bonds, Fire Protection	889,000	-	59,000	830,000	61,000
Sales Tax Revenue Bonds, Series 2020A	-	2,310,000	-	2,310,000	165,000
Taxable Sales Tax Refunding Bond, Series 2020B	-	690,000	-	690,000	45,000
Other long-term liabilities:					
Compensated absences	35,301	69,755	61,058	43,998	43,998
Total	\$2,434,301	\$3,069,755	\$1,110,058	\$4,393,998	\$394,998

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

9. Long-Term Liabilities (continued)

	Payable June 30, 2020	Additions	Deletions	Payable June 30, 2021	Amount Due within one year
<u>Business-type activities:</u>					
Direct borrowing and placement of debt:					
Gas Revenue Bonds, Series 2009	\$ 722,052	\$ -	\$ 36,993	\$ 685,059	\$ 38,644
Sewer Revenue Bonds, Series 2010	911,000	-	73,000	838,000	73,000
Sewer Revenue Bonds, Series 2016	5,990,961	650,208	240,000	6,401,169	250,000
Other long-term liabilities:					
Compensated absences	15,403	10,268	13,951	11,720	11,720
Total	\$7,639,416	\$ 660,476	\$ 363,944	\$7,935,948	\$373,364

Direct borrowings, placements and other debt at June 30, 2021 are comprised of the following individual issues:

GOVERNMENTAL ACTIVITIES

Direct borrowing and placement:

Revenue bonds:

Sales Tax Revenue Bonds, Series 2016

\$800,000 sales tax revenue bonds dated November 22, 2016 were issued for road improvements. Principal is payable October 1 and interest payable April 1 and October 1 at the rate of 2.638 percent per annum. The bonds mature on October 1, 2026. The outstanding note is secured by a special one-half of one percent sales and use tax. Events of default are outlined in the transcript of the Sales Tax Bonds, Series 2016A and include principal and interest payment delinquencies, unscheduled draws on debt service reserves; unscheduled draws on credit enhancements; substitution of credit or liquidity providers; adverse tax opinions; modifications to rights of bondholders; bond calls; defeasances; release or sale of property securing repayment of the bonds; rating changes; bankruptcy; merger or consolidation; appointment of a successor or additional paying agent.

\$ 520,000

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

9. Long-Term Liabilities (continued)

GOVERNMENTAL ACTIVITIES (continued)

Direct borrowing and placement: (continued)

Revenue Bonds: (continued)

2018 Limited Tax Revenue Bonds, Fire Protection

\$1,000,000 limited tax bonds dated July 24, 2018 were issued for fire protection. Principal is payable March 1 and interest payable April 1 and September 1 at the rate of 3.684 percent per annum. The bonds mature on October 1, 2032. The outstanding note is secured by a special tax of 5 mills. Events of default are outlined in the transcript of the 2018 Limited Tax Revenue Bonds and include principal and interest payment delinquencies, unscheduled draws on debt service reserves; unscheduled draws on credit enhancements; substitution of credit or liquidity providers; adverse tax opinions; modifications to rights of bondholders; bond calls; defeasances; release or sale of property securing repayment of the bonds; rating changes; bankruptcy; merger or consolidation; appointment of a successor or additional paying agent.

\$ 830,000

Sales Tax Revenue Bonds, Series 2020A

\$2,310,000 sales tax revenue bonds dated August 4, 2020 were issued for road improvements. Principal is payable October 15 and interest payable April 15 and October 15 at the rate of 2.89 percent per annum. The bonds are scheduled to mature on October 1, 2032. The outstanding note is secured by a special one-half of one percent sales and use tax.

2,310,000

Taxable Sales Tax Refunding Bonds, Series 2020B

\$690,000 sales tax revenue bonds dated August 4, 2020 were issued for purposes of refinancing the Sales Tax Revenue Bonds, Series 2012. Principal is payable October 15 and interest payable April 15 and October 15 at the rate of 3.95 percent per annum. The bonds are scheduled to mature on October 1, 2032. The outstanding note is secured by a special one-half of one percent sales and use tax. As a result of the refunding, the cash flow difference between the old debt and the new debt service amounted to an additional cash outflow of \$153,874. The present value difference between the old debt service cash flows and the new debt service cash flows amounted to an economic loss of \$5,593. As June 30, 2021, \$915,000 of bonds outstanding were called and are considered refunded.

690,000

\$ 4,350,000

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

9. Long-Term Liabilities (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2021 is as follows:

<i>Year Ending June 30</i>	Direct borrowing and placement:			
	Sales Tax Revenue Bonds, Series 2016	2018 Limited Tax Revenue Bonds, Fire Protection	Sales Tax Revenue Bonds, Series 2020A	Taxable Sales Tax Refunding Bonds, Series 2020B
	<i>Principal payments</i>			
2022	\$ 80,000	\$ 61,000	\$ 165,000	\$ 45,000
2023	80,000	64,000	170,000	45,000
2024	85,000	66,000	170,000	50,000
2025	90,000	69,000	180,000	50,000
2026	90,000	72,000	185,000	55,000
2027-2031	95,000	406,000	995,000	310,000
2032-2036	-	92,000	445,000	135,000
Total Principal	<u>520,000</u>	<u>830,000</u>	<u>2,310,000</u>	<u>690,000</u>
	<i>Interest payments</i>			
2022	12,706	30,125	64,375	26,367
2023	10,621	28,448	59,534	24,586
2024	8,461	26,528	54,621	22,713
2025	6,151	24,218	49,563	20,738
2026	3,752	21,458	44,289	18,664
2027-2031	1,274	66,263	137,925	57,868
2032-2036	-	3,680	12,933	5,431
Total Interest	<u>42,965</u>	<u>200,720</u>	<u>423,240</u>	<u>176,367</u>
Total Principal and Interest	<u>\$ 562,965</u>	<u>\$ 1,030,720</u>	<u>\$ 2,733,240</u>	<u>\$ 866,367</u>

BUSINESS-TYPE ACTIVITIES

Direct borrowing and placement:

Revenue Bonds:

Gas Revenue Bonds Series 2009

\$1,113,000 in gas revenue bonds dated September 23, 2009 were issued to fund major gas line improvements. These bonds are payable over thirty years with monthly payments of \$5,654 including interest at 4.375 percent. The bonds mature on September 23, 2039. The outstanding bond is secured by the income and revenue derived or to be derived from the operation of the Gas Distribution System. Events of default include default on the payment of the interest on or principal of the Bond; the default of the establishment and maintenance of a sinking fund, reserve fund, contingency fund, and short-lived asset fund which requires monthly scheduled transfers by the 20th of the month. The bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment.

\$ 685,059

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

9. Long-Term Liabilities (continued)

BUSINESS-TYPE ACTIVITIES (continued)

Direct borrowing and placement: (continued)

Revenue Bonds: (continued)

Sewer Revenue Bonds Series 2010

\$1,472,300 Sewer Revenue Bonds authorized, of which \$136,511 was issued, dated March 17, 2011. During the Permanent Loan Period principal will be payable July 1 and interest will be payable January 1 and July 1 at the rate of 0.45% per annum. The project is still in the construction phase and the final amortization requirements have not been determined. Currently, principal is payable July 1 and interest is payable on January 1 and July 1 at the rate of 0.95 percent per annum. The bonds are scheduled to mature on July 1, 2031. However, based upon the amounts advanced, the bonds will mature on July 1, 2025. This bond is secured by the income and revenues derived or to be derived from the operation of the System. Events of default include failure by the City to pay the principal of or interest on the Bonds; failure by the City to pay the Admin Fee; failure by the City to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the loan agreement, which failure shall continue for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City; if any representation made by or on behalf of the City with reference to the loan is determined to be false or misleading; if a petition is filed by or against the City under any federal or state bankruptcy of insolvency law or other similar law in effect on the date of this loan agreement or hereafter enacted, unless in the case of any such petition filed against the City such petition shall be dismissed within 30 days after such filing and such dismissal shall be final and not subject to appeal. The bond is subject to prepayment.

\$ 838,000

Sewer Revenue Bonds Series 2016

\$7,156,000 Sewer Revenue Bonds authorized. During the Permanent Loan Period principal will be payable July 1 and interest will be payable January 1 and July 1 at the rate of 0.45% per annum. The project is still in the construction phase and the final amortization requirements have not been determined. Currently, principal is payable July 1 and interest is payable on January 1 and July 1 at the rate of 0.45 percent per annum. The bonds are scheduled to mature on July 1, 2036. This bond is secured by the income and revenues derived or to be derived from the operation of the System. Events of default include failure by the City to pay the principal of or interest on the Bonds, which failure shall continue for a period of 30 days after written notice specifying such failure and requesting that it be remedied; if any representation made by or on behalf of the City with reference to the loan is determined to be false or misleading; if the City shall become insolvent or bankrupt. The bond is subject to prepayment.

6,401,169
\$ 7,924,228

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

9. Long-Term Liabilities (continued)

BUSINESS-TYPE ACTIVITIES (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2021 is as follows:

<u>Year Ending June 30</u>	Direct borrowing and placement:		
	Gas Revenue Bonds, Series 2009	Sewer Revenue Bonds, Series 2010	Sewer Revenue Bonds, Series 2016
	<i>Principal payments</i>		
2022	\$ 38,644	\$ 73,000	\$ 250,000
2023	40,369	74,000	260,000
2024	42,170	74,000	275,000
2025	44,053	75,000	290,000
2026	46,019	76,000	300,000
2027-2031	262,804	387,000	1,750,000
2032-2036	211,000	79,000	2,300,000
2037-2041	-	-	976,169
Total Principal	685,059	838,000	6,401,169
	<i>Interest payments</i>		
2022	29,205	3,607	28,087
2023	27,480	3,276	27,095
2024	25,678	2,943	25,891
2025	23,796	2,608	24,620
2026	21,829	2,268	23,293
2027-2031	76,436	6,163	94,076
2032-2036	16,200	178	49,751
2037-2041	-	-	4,227
Total Interest	220,624	21,043	277,040
Total Principal and Interest	\$ 905,683	\$ 859,043	\$ 6,678,209

10. Contracted Services

The City has a contract with the Ascension Parish Sheriff in which the Sheriff provides law enforcement services to the City. For the year ended June 30, 2021, the City expended \$986,884 to the Sheriff for these services. On July 1, 2012, a contract was negotiated resulting in the following future minimum payments which are adjusted annually for increases or decreases in the actual cost of operations. The adjustment allowed for by the change in actual cost shall not exceed 5% per year.

The City has another contract with the Ascension Parish Sheriff in which the City provides body worn camera technology for the law enforcement personnel providing services to the City. For the year ended June 30, 2021, the City expended \$27,250 to the Sheriff for these cameras.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

10. Contracted Services (continued)

The future minimum payments are as follows:

2022	\$	1,014,134
2023		27,250
2024		27,250
Total	\$	<u>1,068,634</u>

Additionally, the City has contracted with Republic Services of Houma for sanitation disposal services. This contract is based on the number of residences using this service and is renewable yearly. The City pays for sanitation disposal services for all residences within the City. As of November 1, 2007, the City discontinued commercial garbage pickup. The residences pay a monthly \$14 user fee to the City as a reimbursement for part of the cost incurred. For the year ended June 30, 2021, the City incurred \$352,037 of net sanitation disposal expenditures resulting from this contract.

11. Dedicated Revenue

Sales Tax Revenue Fund

Proceeds of the 1% sales and use tax were dedicated to the following purposes:

Construction, repair, maintenance and operations of streets, sidewalks, drainage, and for garbage collection; for the construction, maintenance and operation of public utilities, or gas, water and sewerage; for the establishment, maintenance, replacement and operation of parks and recreational facilities; for the maintenance and operation of the Police and Fire Departments as well as the purchase of equipment for the Police and Fire Departments; and finally for the maintenance and operation of any department of the City, title to which shall be in the public.

Effective March 1, 1984, an additional 1/2% sales and use tax was dedicated for the maintenance and operation of garbage and trash collection department and operation and maintenance of the sewerage district with maintenance to include purchase of equipment.

Effective January 1, 1997, an additional 1/2% sales and use tax was dedicated for providing law enforcement services to the City.

Effective July 1, 2012, an additional 1/2% sales and use tax was dedicated for the purpose of constructing and maintaining roads, streets, bridges and sidewalks, and other infrastructure and works of public improvement for the City, with the proceeds of the tax to be subject to being funded into bonds for any of the aforesaid capital purposes.

HUD - Section 8

The City has a continuing grant from HUD. The grant proceeds can only be used to operate the Section 8 program.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

12. Restricted Assets

Governmental Activities

The City levied 5.00 mills for the purpose of Fire Protection that expire in April 2023. At June 30, 2021, the City has \$262,432 in restricted cash per this millage.

The City has restricted cash in the amount of \$634,314 that is generated from the proceeds of an additional ½% sales and use tax. These funds are restricted for public improvements.

Unspent bond proceeds of \$507,323 derived from the Series 2020A Sales Tax Bond remains in restricted cash at June 30, 2021.

The City has restricted cash in the amount of \$27,103 received from the State of Louisiana. These funds are restricted for tourism.

The City has restricted cash in the amount of \$752,803 to be used for the payment of principal and interest on outstanding bond issuances.

In accordance with the indentures governing the Sales Tax Revenue Bonds, Series 2016, Series 2020A, and Series 2020B, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Debt Service Fund and are serviced by the earnings from the Sales Tax Fund. Deposits are made to these trust funds in accordance with the requirements of the Sinking Fund.

- The “Sales Tax Bond Sinking Fund-2016” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and any pari passu bonds issued thereafter, as they severally become due and payable, by transferring from funds in the Sales Tax Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.
- The “Sales Tax Bond Sinking Fund-2012” is required by the Sales Tax Revenue Bonds, Series 2020A and 2020B. These issuances require that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and any pari passu bonds issued thereafter, as they severally become due and payable, by transferring from funds in the Sales Tax Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

Sales Tax Revenue Bonds	Sinking Fund
Required balances, Series 2016	\$ 63,437
Required balances, Series 2020A	167,940
Required balances, Series 2020B	48,064
Total required balance	279,441
Actual balances	750,841
Excess	\$ 471,400

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

12. Restricted Assets (continued)

Governmental Activities (continued)

In accordance with the indenture governing the Limited Tax Bonds, Series 2018 Fire Protection, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Debt Service Fund and are serviced by the earnings from the General Fund. Deposits are made to these trust funds in accordance with the requirements of the Sinking Fund.

- The “Sinking Fund” requires that the issuer shall deposit in the Sinking Fund at least three days in advance of the date on which each payment of principal and/or interest falls due, funds fully sufficient to promptly pay the maturing principal and/or interest on the Bonds falling due on that date.

Limited Tax Bonds, Series 2018 Fire Protection	Sinking Fund
Required balances	\$ -
Actual balances	212
Excess	\$ 212

Business-type Activities

Ordinance 2018-05 requires the gas customers to be billed \$0.51 per one thousand cubic feet of gas (MCF) for capital improvements and \$0.80 per MCF for a reserve for contingencies. At June 30, 2021, the City had \$56,017 and \$823,544 in restricted cash for capital improvements and reserve for contingencies, respectively.

At June 30, 2021, the City has \$370,306 restricted for the refunding of customer meter deposits, which includes both gas and sewer deposits.

In accordance with the indenture governing the 2009 Gas Revenue Bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Gas Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust funds in accordance with the requirements of each.

- The “Gas Revenue Bond and Interest Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond authorized herein and any pari passu bonds issued hereafter in the manner provided by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the issuer, monthly in advance on or before the 20th day of each month of each year, a sum equal to the total amount of principal and interest falling due on the next principal and interest payment date for the Bonds together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due; provided, however, that to the extent that proceeds of the Bond are expended to pay interest accruing during the period the Project is under construction, then the monthly transfers from the Revenue Fund to the Sinking fund are to be correspondingly reduced.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

12. Restricted Assets (continued)

Business-type Activities (continued)

- The “Gas Bond Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum, beginning with the first month following completion of the improvements and extensions to the System financed with the proceeds of the bond, a sum of at least 5% of the amount to be paid into the Sinking Fund, the payments into the Reserve Fund to continue until such time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any succeeding fiscal year on the Bond as a Debt Service Reserve, the money in the Reserve Fund to be retained solely for the purpose of paying the principal and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.
- The “Gas Depreciation and Contingency Fund” to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System, by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the issuer, monthly in advance on or before the 20th day of each month of each year beginning with the first month following completion of the improvements and extensions to the System financed with the proceeds of the Bond, a sum equal to 5% of the amount being paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Requirement, the monthly payments into the Contingency Fund shall increase to an amount equal to 10% of the monthly sum being paid into the Sinking Fund, said payment to continue over the life of the Bonds. Money in the Contingency Fund shall also be used to pay the principal of and the interest on any bond for the payment of which there is not sufficient money in the Sinking Fund or the Reserve Fund, but if so used, such money shall be replaced by the issuer.
- The “Gas System Short Lived Assets Depreciation Fund” to provide for the maintenance and replacement of short lived assets of the System, by transferring from the Revenue Fund to the regularly designated fiscal agent to the issuer, monthly in advance on or before the 20th day of each month of each year commencing with the month following completion of an acceptance of the improvements and extensions financed with the proceeds of the bond, a sum of \$924 for a period of fifteen years.

The balances required in the sinking funds and reserve funds from a strict interpretation of Bond Resolution as compared to actual balances, are reflected in the following schedules:

Gas Revenue Bonds Series 2009	Sinking Fund	Revenue Reserve Fund	Depreciation and Contingency Fund	Short-Lived Assets Depreciation Fund	Total
Required balances	\$ 5,654	\$ 38,943	\$ 28,623	\$ 130,284	\$ 203,504
Actual balances	13,053	43,554	33,468	132,181	222,256
Excess	\$ 7,399	\$ 4,611	\$ 4,845	\$ 1,897	\$ 18,752

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

12. Restricted Assets (continued)

Business-type Activities (continued)

In accordance with the indenture governing the 2010 Sewer Revenue Bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewer Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust funds in accordance with the requirements of each.

- The “Sewer Revenue Bond Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and the Outstanding Parity Bonds, as they severally become due and payable, by transferring from funds in the Sewer Revenue Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.
- The “Sewer Revenue Bond Debt Service Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 20% of the amount to be paid into the Sinking Fund. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Sewer System Renewal and Replacement Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 5% of the amount being paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Requirement, the monthly payments into the Contingency Fund shall increase to an amount equal to 10% of the monthly sum being paid into the Sinking Fund, said payment to continue over the life of the Bonds.

The balances required in the sinking fund, reserve fund, and renewal and replacement fund from a strict interpretation of Bond Resolution as compared to actual balances, are reflected in the following schedules:

<u>Sewer Revenue Bonds Series 2010</u>	<u>Sinking Fund</u>	<u>Revenue Reserve Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Total</u>
Required balances	\$ 76,981	\$ 39,767	\$ 67,980	\$ 184,728
Actual balances	76,981	39,774	68,935	185,690
Excess	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 955</u>	<u>\$ 962</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

12. Restricted Assets (continued)

Business-type Activities (continued)

In accordance with the indenture governing the 2016 Sewer Revenue Bonds, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewer Enterprise Fund and are serviced by the earnings from the Fund. Deposits are made to these trust funds in accordance with the requirements of each.

- The “Sewer Revenue Bond Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bond and the Outstanding Parity Bonds, as they severally become due and payable, by transferring from funds in the Sewer Revenue Fund monthly in advance on or before the 20th day of each month of each year, a sum equal one-sixth of the interest falling due on the next principal payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.
- The “Sewer Revenue Bond Debt Service Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to one-half of the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Sewer System Renewal and Replacement Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 5% of the amount being paid into the Sinking Fund. Upon the Reserve Fund being funded to the Reserve Requirement, the monthly payments into the Contingency Fund shall increase to an amount equal to 10% of the monthly sum being paid into the Sinking Fund, said payment to continue over the life of the Bonds.

The balances required in the sinking fund, reserve fund, and renewal and replacement fund from a strict interpretation of Bond Resolution as compared to actual balances, are reflected in the following schedules:

Sewer Revenue Bonds Series 2016	Sinking Fund	Revenue Reserve Fund	Renewal and Replacement Fund	Total
Required balances	\$ 280,077	\$ 244,320	\$ 49,350	\$ 573,747
Actual balances	287,845	250,991	52,270	591,106
Excess	<u>\$ 7,768</u>	<u>\$ 6,671</u>	<u>\$ 2,920</u>	<u>\$ 17,359</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

13. Interfund Receivables and Payables

The following schedule as of June 30, 2021 represents interfund receivables and payables:

	Interfund Receivables	Interfund Payables
<u>Governmental Activities:</u>		
General Fund		
Gas Fund	\$ 475,725	\$ -
Sewer Fund	24,045	-
Sales Tax Fund	38,885	-
Section 8 Fund	7,447	-
Law Enforcement Fund	-	384,739
Capital Projects Fund	-	100,341
Section 8 Fund		
General Fund	-	7,447
Sales Tax Fund		
Law Enforcement Fund	-	7,148
Sewer Fund	-	272,304
Gas Fund	11,920	-
General Fund	-	38,885
Capital Projects Fund	-	76,618
Law Enforcement Fund		
General Fund	384,739	-
Sales Tax Fund	7,148	-
Gas Fund	-	76,835
Sewer Fund	2,259	-
Debt Service Fund		
Sewer Fund	-	10,888
Capital Projects Fund		
General Fund	100,341	-
Sales Tax Fund	76,618	-
Total governmental activities	1,129,127	975,205
 <u>Business-Type Activities:</u>		
Sewer Fund		
Sales Tax Fund	272,304	-
Gas Fund	-	71,491
Debt Service Fund	10,888	-
Law Enforcement Fund	-	2,259
General Fund	-	24,045
Gas Fund		
Law Enforcement Fund	76,835	-
General Fund	-	475,725
Sewer Fund	71,491	-
Sales Tax Fund	-	11,920
Total business-type activities	431,518	585,440
\$ 1,560,645	\$ 1,560,645	\$ 1,560,645

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

14. Operating Transfers

Operating transfers for the year ended June 30, 2021 are as follows:

	TRANSFERS	
	IN	OUT
<u>Governmental Activities:</u>		
General Fund		
Sales Tax Fund	\$ 1,406,092	\$ -
Sewer Fund	101,577	100,000
Law Enforcement Fund	-	10,000
Debt Service Fund	-	77,528
Sales Tax Fund		
General Fund	-	1,406,092
Sewer Fund	-	308,105
Law Enforcement Fund	-	703,046
Capital Projects Fund	-	708,069
Debt Service Fund		
General Fund	77,528	-
Capital Projects Fund	1,278,225	-
Capital Projects Fund		
Sales Tax Fund	708,069	-
Debt Service Fund	-	1,278,225
Law Enforcement Fund		
General Fund	10,000	-
Sales Tax Fund	703,046	-
Total governmental activities	4,284,537	4,591,065
<u>Business-Type Activities:</u>		
Sewer Fund		
Sales Tax Fund	308,105	-
General Fund	100,000	101,577
Total business-type activities	408,105	101,577
	\$ 4,692,642	\$ 4,692,642

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

15. Subsequent Events

Subsequent to year end, the City entered into a lease for a commercial freightliner. The total equipment price was \$355,772. A down payment in the amount of \$180,000 was made at the inception of the lease, and the total amount financed was \$175,772. The lease is for a term of five years bearing interest of 1.89%.

The City incurred cost of approximately \$400,000, subsequent to year end, to manually pump the wastewater treatment plant as a result of the power outage caused by Hurricane Ida.

Additionally, a resolution was passed committing to match the capital outlay request priority funding authorized during the 2018 Regular Legislative Session for phase III of the natural gas system infrastructure project. The project has an approximate \$1.2 million construction budget, with the City committing to match 25% or approximately \$400,000.

As a result of the American Rescue Plan passed by Congress and signed by the President in March 2021, the City will receive over \$3.1 million to help offset any negative financial impact of COVID-19.

16. Tax Abatement

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the local government has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending June 30, 2021, the City did not participate in any tax abatement programs.

17. Contingencies

At June 30, 2021, there is pending litigation against the City. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the City.

The City has incurred a loss on the impairment of an asset during the years ended June 30, 2005 and June 30, 2004. The tourist ship LePelican sank off the bank of the Mississippi River and has been deemed unsalvageable by the City. There may be additional costs incurred by the City to scrap the asset; however, this cost cannot be determined or estimated at this time.

18. Commitments

As of June 30, 2021, the City was committed to construction contract agreements totaling \$2,586,318. Of this amount \$925,763 has not yet been expended.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

19. Current Accounting Standards Scheduled to be Implemented

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the City's financial report:

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The City will include the requirements of this standard, as applicable, in its June 30, 2022 financial statements. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Taxes				
Ad valorem	\$ 346,000	\$ 329,000	\$ 338,074	\$ 9,074
Public utility franchise	230,000	218,000	237,395	19,395
Cable TV franchise	102,000	96,000	93,266	(2,734)
Ascension Parish water franchise	60,000	68,000	72,779	4,779
Telephone franchise	10,000	10,000	9,202	(798)
Licenses and permits				
Occupational	130,000	125,000	122,776	(2,224)
Insurance	154,000	177,000	155,967	(21,033)
Other	13,100	13,420	13,639	219
Intergovernmental				
Department of Motor Vehicles	35,000	17,600	19,860	2,260
Fire insurance	29,500	-	28,174	28,174
Beer	9,500	8,000	7,399	(601)
Federal, state, and parish grants	209,400	319,500	324,653	5,153
Fines				
Court fines	59,000	50,300	65,985	15,685
Other revenues				
Hotel/motel tax	120,000	149,000	131,000	(18,000)
Miscellaneous	81,700	92,400	116,786	24,386
Interest	2,200	5,000	4,159	(841)
Rent - Lemann Center	11,000	-	(1,800)	(1,800)
Total revenues	<u>1,602,400</u>	<u>1,678,220</u>	<u>1,739,314</u>	<u>61,094</u>
EXPENDITURES				
General government	982,519	889,063	970,948	(81,885)
Public safety	963,600	1,100,047	1,126,326	(26,279)
Streets and sanitation	558,950	618,118	735,027	(116,909)
Recreation	80,350	73,250	32,766	40,484
Capital outlay	-	140,164	89,802	50,362
Debt service	90,600	93,675	13,273	80,402
Total expenditures	<u>2,676,019</u>	<u>2,914,317</u>	<u>2,968,142</u>	<u>(53,825)</u>
Excess of revenues under expenditures	<u>(1,073,619)</u>	<u>(1,236,097)</u>	<u>(1,228,828)</u>	<u>7,269</u>

(continued)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	Original	Final	Actual	Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 1,110,000	\$ 1,441,577	\$ 1,507,669	\$ 66,092
Operating transfers out	(36,450)	(114,000)	(187,528)	(73,528)
	1,073,550	1,327,577	1,320,141	(7,436)
 Total other financing sources				
 Change in fund balance	(69)	91,480	91,313	(167)
 FUND BALANCE				
Beginning of year	-	902,426	401,499	(500,927)
End of year	\$ (69)	\$ 993,906	\$ 492,812	\$ (501,094)

(concluded)

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Taxes				
Sales tax revenues, net of discounts allowed	\$ 2,780,000	\$ 3,145,019	\$ 3,520,254	\$ 375,235
Charges				
User fee	468,000	468,500	455,991	(12,509)
Other				
Interest	50	100	-	(100)
Miscellaneous	-	1,000	783	(217)
Total revenues	<u>3,248,050</u>	<u>3,614,619</u>	<u>3,977,028</u>	<u>362,409</u>
EXPENDITURES				
Sanitation				
Garbage disposal	800,000	785,000	850,917	(65,917)
Bank fees	300	700	736	(36)
Bad debt	2,100	-	1,643	(1,643)
Capital Outlay				
Road improvements	580,000	630,236	-	630,236
Total expenditures	<u>1,382,400</u>	<u>1,415,936</u>	<u>853,296</u>	<u>562,640</u>
Excess of revenues over expenditures	<u>1,865,650</u>	<u>2,198,683</u>	<u>3,123,732</u>	<u>925,049</u>
OTHER FINANCING USES				
Operating transfers out	<u>(1,757,650)</u>	<u>(2,036,085)</u>	<u>(3,125,312)</u>	<u>(1,089,227)</u>
Total other financing uses	<u>(1,757,650)</u>	<u>(2,036,085)</u>	<u>(3,125,312)</u>	<u>(1,089,227)</u>
Change in fund balance	108,000	162,598	(1,580)	(164,178)
FUND BALANCE				
Beginning of year	-	201,723	201,723	-
End of year	<u>\$ 108,000</u>	<u>\$ 364,321</u>	<u>\$ 200,143</u>	<u>\$ (164,178)</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
SECTION 8 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental				
HUD receipts	\$ 483,480	\$ 512,906	\$ 486,109	\$ (26,797)
Other				
Interest	204	100	44	(56)
Miscellaneous	-	7,000	5,352	(1,648)
Total revenues	<u>483,684</u>	<u>520,006</u>	<u>491,505</u>	<u>(28,501)</u>
EXPENDITURES				
Welfare				
Rent and utility assistance	424,320	436,160	439,904	(3,744)
General and administrative	55,794	33,932	45,646	(11,714)
Total expenditures	<u>480,114</u>	<u>470,092</u>	<u>485,550</u>	<u>(15,458)</u>
Excess of revenues over (under) expenditures	<u>3,570</u>	<u>49,914</u>	<u>5,955</u>	<u>(43,959)</u>
Change in fund balance	3,570	49,914	5,955	(43,959)
FUND BALANCE				
Beginning of year	-	55,814	55,815	1
End of year	<u>\$ 3,570</u>	<u>\$ 105,728</u>	<u>\$ 61,770</u>	<u>\$ (43,958)</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SPECIAL REVENUE FUND
LAW ENFORCEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Charges for services				
User fee	\$ 385,000	\$ 385,000	\$ 386,455	\$ 1,455
Other	-	900	501	(399)
Total revenues	<u>385,000</u>	<u>385,900</u>	<u>386,956</u>	<u>1,056</u>
EXPENDITURES				
Public Safety				
Sheriff contract	986,900	986,900	986,884	16
Other	1,850	1,100	1,992	(892)
Total expenditures	<u>988,750</u>	<u>988,000</u>	<u>988,876</u>	<u>(876)</u>
Excess of revenues under expenditures	<u>(603,750)</u>	<u>(602,100)</u>	<u>(601,920)</u>	<u>180</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>603,750</u>	<u>648,693</u>	<u>713,046</u>	<u>64,353</u>
Total other financing sources	<u>603,750</u>	<u>648,693</u>	<u>713,046</u>	<u>64,353</u>
Change in fund balance	-	46,593	111,126	64,533
FUND BALANCE				
Beginning of year	-	276,466	276,466	-
End of year	<u>\$ -</u>	<u>\$ 323,059</u>	<u>\$ 387,592</u>	<u>\$ 64,533</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
June 30, 2021

Measurement Date	Service Cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered employee payroll	Total OPEB liability as a percentage of covered employee payroll
6/30/2021	\$ 2,149	\$12,634	\$ 20,300	\$ 21,154	\$(9,719)	\$ 46,518	\$ 570,606	\$ 617,124	\$1,001,995	61.59%
6/30/2020	\$ 1,808	\$12,656	\$ 130,321	\$ 73,281	\$(8,170)	\$ 209,896	\$ 360,710	\$ 570,606	\$ 972,811	58.66%
6/30/2019	\$14,282	\$12,756	\$ 1,228	\$ 13,821	\$(3,840)	\$ 38,247	\$ 322,463	\$ 360,710	\$ 952,189	37.88%
6/30/2018, as restated	\$14,416	\$12,091	\$ 14,069	\$ (12,610)	\$(3,515)	\$ 24,451	\$ 298,012	\$ 322,463	\$ 924,455	34.88%

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

See the accompanying notes to the Required Supplementary Information.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021 (*)**

	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>MERS (Plan B)</u>					
2021	1.1179%	\$ 1,013,089	\$ 866,233	116.9399%	66.2607%
2020	1.0057%	879,766	760,293	115.7141%	66.1388%
2019	1.0833%	916,296	802,814	114.1355%	65.5981%
2018	1.0292%	890,526	763,956	116.5677%	63.4909%
2017	1.0108%	837,861	743,087	112.7541%	63.3376%
2016	1.0836%	736,498	746,588	98.6485%	68.7136%
2015	1.0716%	503,130	647,741	77.6746%	76.9413%
<u>FRS</u>					
2021	0.2105%	\$ 1,459,230	\$ 524,112	278.4195%	72.6117%
2020	0.1878%	1,138,284	451,498	252.1127%	73.9643%
2019	0.1950%	1,121,672	464,272	241.5980%	74.7634%
2018	0.1858%	1,065,258	427,756	249.0340%	73.5479%
2017	0.1876%	1,227,342	425,423	288.4992%	68.1550%
2016	0.1678%	905,754	357,599	253.2876%	72.4475%
2015	0.1802%	801,759	401,703	199.5900%	76.0151%

Schedule is intended to show 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 end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

FRS = Firefighters' Retirement System

See the accompanying notes to the Required Supplementary Information.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll ³	Contribution as a % of Covered Payroll
<u>MERS (Plan B)</u>					
2021	\$ 132,732	\$ 132,732	\$ -	\$ 860,307	15.428%
2020	121,204	121,204	-	866,333	13.990%
2019	106,441	106,441	-	760,293	14.000%
2018	106,373	106,373	-	802,814	13.250%
2017	84,184	84,184	-	763,956	11.000%
2016	70,592	70,592	-	743,087	9.500%
2015	70,926	70,926	-	746,588	9.500%
<u>FRS</u>					
2021	\$ 171,011	\$ 171,011	\$ -	\$ 530,270	32.250%
2020	145,441	145,441	-	524,112	27.750%
2019	119,647	119,647	-	451,498	26.500%
2018	123,032	123,032	-	464,272	26.500%
2017	108,008	108,008	-	427,756	25.250%
2016	115,928	115,928	-	425,423	27.250%
2015	104,598	104,598	-	357,599	29.250%

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

For reference only:

¹ Employer contribution rate multiplied by covered payroll

² Actual employer contributions remitted to MERS and FRS

³ Covered payroll amount for the fiscal year ended June 30 of each year

See the accompanying notes to the Required Supplementary Information.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes of Benefit Terms include:

Municipal Employee's Retirement System (Plan B)

There were no changes of benefit terms for the years presented.

Firefighters' Retirement System

There were no changes of benefit terms for the years presented.

Changes of Assumptions:

Municipal Employee's Retirement System (Plan B)

The following changes in actuarial assumptions for each year are as follows:

Discount Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2021	6/30/2020	6.950%	-0.050%
6/30/2020	6/30/2019	7.000%	-0.275%
6/30/2019	6/30/2018	7.275%	-0.525%
6/30/2018	6/30/2017	7.800%	0.300%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	-0.250%
6/30/2015	6/30/2014	7.750%	

Inflation Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2021	6/30/2020	2.500%	0.000%
6/30/2020	6/30/2019	2.500%	-0.100%
6/30/2019	6/30/2018	2.600%	-0.175%
6/30/2018	6/30/2017	2.775%	-0.100%
6/30/2017	6/30/2016	2.875%	0.000%
6/30/2016	6/30/2015	2.875%	-0.125%
6/30/2015	6/30/2014	3.000%	

Salary Increases:			
Measurement			
Year End	date	Rate	
6/30/2021	6/30/2020	4.9% - 7.4%	*
6/30/2020	6/30/2019	4.9% - 7.4%	*
6/30/2019	6/30/2018	5.000%	
6/30/2018	6/30/2017	5.000%	
6/30/2017	6/30/2016	5.000%	
6/30/2016	6/30/2015	5.000%	
6/30/2015	6/30/2014	5.750%	

Firefighters' Retirement System

The following changes in actuarial assumptions for each year are as follows:

Inflation Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2021	6/30/2020	2.500%	0.000%
6/30/2020	6/30/2019	2.500%	-0.200%
6/30/2019	6/30/2018	2.700%	-0.075%
6/30/2018	6/30/2017	2.775%	-0.100%
6/30/2017	6/30/2016	2.875%	0.000%
6/30/2016	6/30/2015	2.875%	-0.125%
6/30/2015	6/30/2014	3.000%	

Discount Rate:			
Measurement			
Year End	date	Rate	Change
6/30/2021	6/30/2020	7.000%	-0.150%
6/30/2020	6/30/2019	7.150%	-0.150%
6/30/2019	6/30/2018	7.300%	-0.100%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	0.000%
6/30/2015	6/30/2014	7.500%	

Merit:			
Measurement			
Year End	date	Rate	Change
6/30/2021	6/30/2020	2.400%	0.275%
6/30/2020	6/30/2019	2.125%	0.000%
6/30/2019	6/30/2018	2.125%	0.000%
6/30/2018	6/30/2017	2.125%	0.000%
6/30/2017	6/30/2016	2.125%	0.000%
6/30/2016	6/30/2015	2.125%	-0.625%
6/30/2015	6/30/2014	2.750%	

Investment rate of return:			
Measurement			
Year End	date	Rate	Change
6/30/2021	6/30/2020	7.000%	0.000%
6/30/2020	6/30/2019	7.000%	-0.280%
6/30/2019	6/30/2018	7.280%	-0.120%
6/30/2018	6/30/2017	7.400%	-0.100%
6/30/2017	6/30/2016	7.500%	0.000%
6/30/2016	6/30/2015	7.500%	-0.250%
6/30/2015	6/30/2014	7.750%	

Mortality table:			
Measurement			
Year End	date	Table	
6/30/2021	6/30/2020	PubG-2010(B)	
6/30/2020	6/30/2019	PubG-2010(B)	
6/30/2019	6/30/2018	RP-2000	
6/30/2018	6/30/2017	RP-2000	
6/30/2017	6/30/2016	RP-2000	
6/30/2016	6/30/2015	RP-2000	
6/30/2015	6/30/2014	RP-2000	

* MERS - Salary increases 7.4% for 1 to 4 years of service and 4.9% for more than 4 years of service. FRS - Salary increases 14.10% in the first two years of service and 5.20% with 3 or more years of service (in 2019, salary increases ranged from 14.75% in the first two years of services to 4.5% with 25 or more years of service.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes in benefits terms and assumptions related to total other postemployment benefits liability

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

Changes in benefit terms:

6/30/2021 There were no changes of benefit terms for the year ended June 30, 2021.

6/30/2020 There were no changes of benefit terms for the year ended June 30, 2020.

6/30/2019 There were no changes of benefit terms for the year ended June 30, 2019.

6/30/2018 There were no changes of benefit terms for the year ended June 30, 2018.

Changes in assumptions:

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability:

Measurement		Mortality Table	
Date	Discount Rate	Changes	Trend
6/30/2021	2.16%	RP-2014	Variable
6/30/2020	2.21%	RP-2014	Variable
6/30/2019	3.50%	RP-2000	5.50%
6/30/2018	3.87%	RP-2000	5.50%
6/30/2017	3.52%		

OTHER SUPPLEMENTARY INFORMATION

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
STATEMENT OF OPERATING EXPENSES
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXPENSES	<u>Gas Utility Fund</u>	<u>Sewerage District No. 1</u>	<u>Total</u>
Gas	\$ 378,649	\$ -	\$ 378,649
Depreciation and amortization	62,704	372,499	435,203
Field			
Personnel	196,615	144,177	340,792
Professional fees	23,027	117,436	140,463
Maintenance	34,495	122,613	157,108
Weed control and chemicals	6,473	22,665	29,138
Supplies	5,058	6,424	11,482
Oxidation testing	-	21,256	21,256
Utilities	1,878	165,493	167,371
Gas and oil	5,023	10,730	15,753
Uniforms	2,734	3,006	5,740
Rentals	492	22,111	22,603
Insurance	65,757	60,093	125,850
Training	-	1,535	1,535
Miscellaneous	5,802	3,006	8,808
Total field	<u>347,354</u>	<u>700,545</u>	<u>1,047,899</u>
Administration			
Personnel	85,648	53,401	139,049
Professional	37,167	37,167	74,334
Maintenance	350	428	778
Supplies	1,719	2,013	3,732
Postage	12,323	12,283	24,606
Bad debt	3,168	(1,117)	2,051
Computer service	23,826	29,584	53,410
Utilities	9,466	9,442	18,908
Administrative fees	-	35,396	35,396
Miscellaneous	319	132	451
Rentals	1,943	1,832	3,775
Bank fees	12,644	2,128	14,772
Insurance	26,070	18,707	44,777
Total administration	<u>214,643</u>	<u>201,396</u>	<u>416,039</u>
Total operating expenses	<u>\$ 1,003,350</u>	<u>\$ 1,274,440</u>	<u>\$ 2,277,790</u>

CITY OF DONALDSONVILLE, LOUISIANA
SCHEDULE OF SEWERAGE CUSTOMERS
(Unaudited)
June 30, 2021

The City had 2,944 customers of Sewerage District No. 1 at June 30, 2021. The monthly service charge is based upon water consumption of each resident. Commercial buildings are charged at a higher rate which is also based upon water consumption.

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF INSURANCE IN FORCE
(Unaudited)
JUNE 30, 2021

Issuer	Kind of Insurance	Property Covered	Insurance	Expiration Date
Bourg Agency Company (Scottsdale Insurance Company)	Fire & Extended	Old Fire Station	\$ 300,000	4/3/22
		Old Fire Station Contents	\$ 25,000	4/3/22
		406 Charles St. (AAM)	\$ 65,000	4/3/22
	Fire & Extended	Lemann Center Bldg	\$ 750,000	4/3/22
		Lemann Center Contents	\$ 25,000	4/3/22
	Fire & Extended	House D Thibaut Drive	\$ 65,000	4/3/22
	Fire & Extended	Gas Dept Warehouse	\$ 25,000	4/3/22
	Business Liability	Gas Dept Contents	\$ 16,000	4/3/22
		City Hall Bldg	\$ 1,000,000	4/3/22
		City Hall Contents	\$ 150,000	4/3/22
		DMV Bldg.	\$ 190,000	4/3/22
		DMV Contents	\$ 20,000	4/3/22
		Warehouse B Bldg.	\$ 500,000	4/3/22
		Warehouse B Contents	\$ 50,000	4/3/22
		New Fire Station	\$ 1,800,000	4/3/22
		New Fire Station Contents	\$ 75,000	4/3/22
Equipment Breakdown				4/3/22
Rod Prejean & Assoc. (Lane & Associates, Inc.)	Inland Marine	Tractor (John Deere)	\$ 27,000	3/21/22
		Skid Mount (John Deere)	\$ 48,010	3/21/22
		Loader (580 Case)	\$ 66,937	3/21/22
		Tractor (Kubota)	\$ 18,153	3/21/22
		Tractor (6110 CAB JD)	\$ 75,493	3/21/22
		Boom Mower (Alamo)	\$ 63,035	3/21/22
		Bobcat Compact Track Loader W/ Attachments	\$ 54,165	3/21/22
		Generator (150 KW)	\$ 35,975	3/21/22
		Generator (250 KW)	\$ 50,958	3/21/22
		Generator (Generac)	\$ 83,680	3/21/22
CNA Surety	Employee Blanket Bond	Employees	\$ 50,000	5/1/22
	Public Employee Bond	Commission	\$ 70,000	5/1/22
	Levee Bond	Levee (River top prj.)	\$ 8,000	2/27/22
Blue Cross Blue Shield	Health and Dental	Employees		1/1/22

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana
SCHEDULE OF INSURANCE IN FORCE
(Unaudited)
JUNE 30, 2021

Schedule of Insurance In Force (continued)

Issuer	Kind of Insurance	Property Covered	Insurance	Expiration Date	
Fort Dearborn Life Insurance	Life Insurance	Employees	\$ 25,000	1/1/22	
Special Risk Insurance (American Alternative Insurance)	Collision & Compreh.	1990 Ford Pumper Truck	\$ 1,000,000	12/31/22	
		2007 Ferrara Pumper LDH	\$ 1,000,000	12/31/22	
		2016 Ford Crew Cab	\$ 1,000,000	12/31/22	
		2010 Dodge First Responder	\$ 1,000,000	12/31/22	
	Blanket Portable Equipment Management Liability	Portable Equipment Management	\$ 2,000,000	12/31/22	
Arthur J. Gallagher of LA, Inc. (LWCC)	Workers' Compensation	Each Accident	\$ 1,000,000	3/16/22	
		Policy Limit	\$ 1,000,000	3/16/22	
		Each Employee	\$ 1,000,000	3/16/22	
Arthur J. Gallagher of LA, Inc.	Commercial General Liability	Each Occurrence	\$ 1,000,000	4/1/22	
		Damage To Rented Premises	\$ 1,000,000	4/1/22	
		Personal & ADV Injury	\$ 1,000,000	4/1/22	
		General Aggregate	\$ 2,000,000	4/1/22	
		Products-COMP/OP AGG	\$ 2,000,000	4/1/22	
	Automobile Liability	Collision & Compreh.	Combined Single Limit (Ea Accident)	\$ 1,000,000	4/1/22
			Deductible	\$ 1,000 / \$1,000	4/1/22
	Professional Liability		Each Wrongful Act	\$ 1,000,000	4/1/22
			Aggregate	\$ 1,000,000	4/1/22
		Cyber Liability & Privacy	Privacy Liability	\$ 1,000,000 / \$2,500	4/1/22
	Limit & Retention				

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

SCHEDULE OF INSURANCE IN FORCE

(Unaudited)
JUNE 30, 2021

Schedule of Insurance In Force (continued)

Issuer	Kind of Insurance	Property Covered	Insurance	Expiration Date
	Limit & Retention	Privacy Regulatory Claims Coverage	\$ 1,000,000 / \$2,500	4/1/22
	Limit & Retention	Security Breach Response Coverage	\$ 1,000,000 / \$2,500	4/1/22
	Limit & Retention	Security Liability	\$ 1,000,000 / \$2,500	4/1/22
	Limit & Retention	Multimedia Liability	\$ 1,000,000 / \$2,500	4/1/22
	Limit & Retention	Cyber Extortion	\$ 1,000,000 / \$2,500	4/1/22
	Limit & Retention	Business Income and Digital Asset Restoration	\$ 1,000,000 / \$2,500	4/1/22
	Limit & Retention	PCI DSS Assessment	\$ 1,000,000 / \$2,500	4/1/22
Arthur J. Gallagher of LA, Inc.	Crime Coverage			4/1/22
	Limit & Deductible(Per Occurrence)	Employee Theft-Per Loss Coverage	\$ 500,000 / \$1,000	
	Limit & Deductible(Per Occurrence)	Employee Theft-Per Employee Coverage	Not Covered	
	Limit & Deductible(Per Occurrence)	Forgery or Alteration	\$ 500,000 / \$1,000	
	Limit & Deductible(Per Occurrence)	Inside the Premises-Theft of Money and Securities	\$ 100,000 / \$1,000	
	Limit & Deductible(Per Occurrence)	Inside the Premises-Robbery or Safe Burglary of	\$ 100,000 / \$1,000	
	Limit & Deductible(Per Occurrence)	Outside the Premises	\$ 100,000 / \$1,000	
	Limit & Deductible(Per Occurrence)	Computer and Funds Transfer Fraud	\$ 100,000 / \$1,000	
	Limit & Deductible(Per Occurrence)	Money Orders and Counterfeit Money	\$ 100,000 / \$1,000	

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
FOR THE YEAR ENDED JUNE 30, 2021

Leroy Sullivan - Mayor	\$	13,800
Lauthaught A. Delaney, Sr. - Commissioner of District No. 1		8,652
Raymond Aucoin - Commissioner of District No. 2		8,652
Reginald Francis Sr. - Commissioner of District No. 3		8,652
Charles Brown - Commissioner of District No. 4		8,652
Mike Sullivan - Commissioner of District No. 5 (eff. January 1, 2021)		4,316
Brent Landry - Commissioner of District No. 5 (term ended January 1, 2021)		<u>4,326</u>
Total	\$	<u><u>57,050</u></u>

CITY OF DONALDSONVILLE

Donaldsonville, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021**

Mayor : Leroy Sullivan

Purpose

Salary	\$	13,800
Benefits - Insurance		18,227
Benefits - Retirement		1,892
Membership Dues/Fees		2,356
Meals		1,044
Cell Phone		1,388
Vehicle - Fuel		1,224
Total	\$	<u>39,931</u>

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2021

	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 6/30/2021
Beginning Balance of Amounts Collected	\$ -	\$ -
Add Collections:		
<i>Criminal Fines - Court Costs</i>	18,603	25,707
<i>Criminal Fines - Other</i>	3,624	4,923
<i>Bench Warrants</i>	4,720	5,755
Subtotal Collections	26,947	36,385
Less Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency:		
<i>Criminal Fines - Court Costs</i>	18,603	25,707
<i>Criminal Fines - Other</i>	3,624	4,923
<i>Bench Warrants</i>	4,720	5,755
Subtotal Disbursements/Retainage	26,947	36,385
Ending Balance of Amounts Collected but Not Disbursed	\$ -	\$ -

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the Honorable Mayor and Members
of the Commission Council
City of Donaldsonville, 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, and each major fund of the City of Donaldsonville, Louisiana (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2021.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-004, 2021-005, and 2021-006 to be significant deficiencies.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 questioned costs as items 2021-004, 2021-005, and 2021-006.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were 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.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2021



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

To the Honorable Mayor and Members
of the Commission Council
City of Donaldsonville, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Donaldsonville, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-007 and 2021-008. Our opinion on each major federal program is not modified with respect to this matter.



Other Matters (continued)

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-007 and 2021-008, that we consider to be material weaknesses.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Postlethwaite & Netterville
Donaldsonville, Louisiana
December 23, 2021

CITY OF DONALDSONVILLE
Donaldsonville, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's ID Number	Federal Expenditures
HOUSING VOUCHER CLUSTER			
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 485,206
TOTAL HOUSING VOUCHER CLUSTER			<u>485,206</u>
CLEAN WATER STATE REVOLVING FUND CLUSTER			
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Passed through Louisiana Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-221912-01	236,832
TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER			<u>236,832</u>
OTHER PROGRAMS			
UNITED STATES DEPARTMENT OF TREASURY			
Passed through Louisiana Division of Administration			
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19-CRF- 310091916	315,740
UNITED STATES DEPARTMENT OF INTERIOR			
Passed through Louisiana Office of the Lieutenant Governor - Louisiana Division of Historic Preservation			
Historic Preservation Fund Grants-In-Aid	15.904	P20AF00023	15,075
TOTAL OTHER PROGRAMS			<u>330,815</u>
TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 1,052,853</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Donaldsonville, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the City of Donaldsonville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Donaldsonville.

NOTE B - RECONCILIATION OF FEDERAL EXPENDITURES

Federal assistance expended as reported on Schedule of Expenditures of Federal Awards	\$ 1,052,853
Less: loan proceeds recorded on Schedule of Expenditures of Federal Awards	
Capitalization Grants for Clean Water State Revolving Funds	(236,832)
Add: revenues incurred in current year not expenses in current year	
Section 8 Housing Choice Vouchers	904
Less: revenues reported in prior year under award approved in current year	
Coronavirus Relief Funds	(211,053)
Add: state revenues and local grant revenues reported as grant revenues	299,359
Total intergovernmental revenues	<u>\$ 905,231</u>
Intergovernmental revenues as reported on Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	\$ 866,195
Proprietary Funds	39,036
	<u>\$ 905,231</u>

NOTE C - INDIRECT COST RATE

The City of Donaldsonville has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CLEAN WATER STATE REVOLVING LOAN FUND

The City of Donaldsonville, Louisiana received loan assistance for the following program:

Program Title	Federal CFDA Number	Outstanding Balance as of June 30, 2021	New Loans Made During the Year Ended June 30, 2021
Capitalization Grants for Clean Water State Revolving Funds		\$ 6,401,169	\$ 650,208
Less: Source of Funds - State or Repayment Funds		(4,464,442)	(413,376)
Federal Portion of Loan	66.458	<u>\$ 1,936,727</u>	<u>\$ 236,832</u>

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

X Yes No

- Significant deficiency identified not considered to be a material weakness?

X Yes None reported

Noncompliance material to financial statements noted?

X Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified

X Yes No

- Significant deficiency identified not considered to be a material weakness?

Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

X Yes No

Identification of major programs:

Name of Federal Program or Cluster

Federal CFDA Number

Clean Water State Revolving Fund Cluster

Capitalization Grants for Clean Water State Revolving Funds

66.458

COVID-19 Coronavirus Relief Fund

21.019

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes X No

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001 LACK OF SEGREGATION OF DUTIES

Criteria: Internal controls should be designed to ensure proper segregation of duties.

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls due to inadequate segregation of duties over the recording of deposits. Additionally, timely preparation and review of bank reconciliations is not being consistently performed. This is a repeat finding from June 30, 2016, 2017, 2018, 2019, and 2020.

Cause: Controls related to the recording of deposits have not been designed to properly safeguard the assets of the City and to prevent or detect material misstatements. Controls related to the preparation and review of the bank reconciliations have not been designed to ensure that each has been performed timely.

Effect: The assets of the City have not been properly safeguarded and material misstatements could occur and not be detected by the internal controls of the City. Errors or misstatements regarding cash transactions could occur and not be detected on a timely basis.

Recommendation: Proper internal controls should be established regarding the recording of deposits. Review of the bank reconciliations should be performed timely.

View of Responsible Official: Management concurs with the finding. Management will prepare a policy manual to make sure procedures are followed according to best practices.

2021-002 PAYROLL FUNCTION

Criteria: Internal controls should be designed to ensure proper segregation of duties over the payroll process as well as to prevent or detect material misstatements.

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls over the payroll function due to inadequate segregation of duties as well as lack of documentation of review and approval. The employee responsible for submitting payroll records to the third party reviews the third parties' payroll register prior to the processing of the checks. We also noted no approval of the timesheet for the person responsible for the payroll function and the person responsible for the fire department as well. Also, some timecards are not being approved by anyone. A similar finding was report at June 30, 2018, 2019, and 2020.

Cause: The City has not developed a formal payroll policy.

Effect: Errors related to the payment of employees could result in material misstatements and not be detected by the internal controls of the City.

Recommendation: Proper internal controls should be established regarding the processing of payroll. Timesheets should be reviewed and approved by supervisory personnel.

View of Responsible Official: Management concurs with the finding. Proper internal controls will be established regarding the processing of payroll.

CITY OF DONALDSONVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2021-003 RECONCILIATIONS

Criteria: Internal controls should be designed to ensure proper reconciliation to prevent or detect material misstatements.

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls over the reconciliation function. This included the design of the controls regarding reconciliation of payments to retirement plans, health insurance payments, accounts payable, retainage payable, construction in progress, and debt payments. In addition, we noted several bank reconciliations did not agree to the general ledger. This is a repeat finding from June 30, 2020.

Cause: The City has not developed a formal reconciliation policy.

Effect: Errors related to the payment of vendors could result in material misstatements and not be detected by the internal controls of the City.

Recommendation: Proper internal controls should be established in order to perform and effective reconciliation to confirm transactions are appropriate and properly recorded in the financial records.

View of Responsible Official: Management concurs with the finding. Proper internal controls will be established regarding reconciliations.

2021-004 BOND RESERVE REQUIREMENTS

Criteria: Internal controls should be designed to ensure compliance with bond requirements and established ordinances.

Condition: The City failed to make transfers of principal and interest to the sinking funds and several other accounts on a timely basis for several of its various bond issuances. The City is also not in compliance with the 2010 and 2016 Sewer Revenue Bonds debt service ratio requiring net revenues excluding other city moneys be an amount equal to at least one hundred ten percent of the required deposits in the current fiscal year to the Sewage District No. 1 fund. This is a repeat finding from June 2016, 2017, 2018, 2019, and 2020.

Cause: The City's internal controls are not sufficient to ensure transfers are made timely and as required by the debt covenants and ordinances.

Effect: The City is not in compliance with the provisions as set forth in the Gas Revenue Bond, Series 2009; Sewer Revenue Bond, Series 2010; and Taxable Sewer Revenue Bonds, Series 2016. Management is in contact with the applicable lending agency in order to resolve the noncompliance of the bond issues.

Recommendation: The City should establish procedures to ensure compliance with all provisions as stated in the bond documents, its ordinances, and as prescribed by law.

View of Responsible Official: Management concurs with the finding. Controls related to the transfers of required funds will be strengthened to ensure compliance with bond issuances, ordinances, and laws.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2021-005 PUBLIC BID LAW

Criteria: Louisiana Revised Statute 38:2211 requires that purchases of any materials and supplies between ten thousand dollars and thirty thousand dollars require three quotes. Additionally, when making purchases as a result of an emergency, the entity should declare the emergency in a public meeting, and give notice to the public by publishing in the official journal within 10 days of declaration.

Condition: The City purchased pumps in the amount of \$12,872 for a lift station during the year ended June 30, 2021. The City also paid two contractors to perform different repairs of the system as a result of emergencies. Emergency declarations were never made, additionally it was not published for public notice. This is a repeat finding from June 30, 2020.

Cause: The City did not have adequate procedures in place to ensure compliance.

Effect: The City is not in compliance with the requirements of the Louisiana Revised Statute 38:2211.

Recommendation: The City should implement procedures to ensure the necessary quotes are obtained and necessary information is documented prior to the purchase of materials and supplies between the amount of ten thousand dollars and thirty thousand dollars.

View of Responsible Official: Management of the City concurs with the finding. Management will ensure that quotes are obtained as required and proper procedures are followed regarding the declaration of emergencies.

2021-006 LOCAL GOVERNMENT BUDGET ACT

Criteria: Louisiana Revised Statute 38:1311 requires the governmental entity to revise its budget when total expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are failing to meet total budgeted expenditures and other uses by five percent or more.

Condition: Expenditure amounts in the Sales Tax Fund exceeded budgeted expenditures by five percent or more.

Cause: The City failed to take the necessary steps to ensure compliance with the requirements of Louisiana Revised Statute 39:1311.

Effect: The City is not in compliance with the requirements of the Louisiana Revised Statute 39:1311.

Recommendation: We recommend that the City comply with all requirements of the Local Government Budget Act.

View of Responsible Official: Management of the City concurs with the finding and will amend budgets when necessary as required by the local Government Budget Act.

CITY OF DONALDSONVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-007 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Criteria: Internal controls should be designed to capture the City's federal expenditures in order to ensure that an accurate Schedule of Expenditures of Federal Awards (SEFA) can be prepared.

Condition: Uniform Guidance section 200.510 requires the auditee to prepare a SEFA. A complete and accurate SEFA was not provided to us.

Cause: The records were not maintained in a manner which allowed the SEFA to be prepared in an efficient manner to ensure accuracy and completeness.

Questioned Costs: None

Effect: The SEFA is used by the auditor to determine which federal programs are to be audited as major programs and to accurately report expenditures to the federal government and granting agencies. Major programs may not be properly identified in accordance with the Uniform Guidance.

Recommendation: All information should be included on the SEFA by employees familiar with the grant awards. The general ledger should be categorized by federal programs/program year in order to capture the correct expenditures by programs. A review should be performed by someone other than the preparer for accuracy and completeness.

Identification of a repeat finding: This is a repeat finding from previous audits, 2020-006, 2019-007 and 2018-007.

View of Responsible Official: Management concurs with the finding. Controls relating to the preparation of the SEFA will be designed to capture the City's federal expenditures in order to properly prepare the SEFA.

2021-008 ENHANCEMENT OF POLICIES AND PROCEDURES FOR FEDERAL AWARDS

Criteria: The Uniform Guidance administrative requirements and cost principles apply to federal funding awards on or after December 26, 2014. 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E – Cost Principles of the Uniform Guidance require specific written policies relative to federal awards.

Condition: The written policies and procedures of the City do not directly address the compliance areas with the Uniform Guidance for federal programs as it relates to allowable costs, procurement, and suspension and debarment.

Cause: The City has not taken appropriate steps to formalize policies and procedures relating to the requirements established under Uniform Guidance for compliance with allowable costs, procurement, and suspension and debarment.

Questioned Costs: None

Effect: The City is susceptible to a higher risk of non-compliance with federal awarding requirements as they relate to allowable costs, procurement, and suspension and debarment.

Identification of a repeat finding: This is a repeat finding from previous audits, 2020-007, 2019-009 and 2018-009.

Recommendation: The City must establish written policies and procedures to ensure compliance with Uniform Guidance relating to allowable costs, procurement, and suspension and debarment.

View of Responsible Official: Management will implement policies and procedures to ensure compliance with Uniform Guidance requirements regarding allowable costs, procurement, and suspension and debarment.

CITY OF DONALDSONVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
For the Year Ended June 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001 LACK OF SEGREGATION OF DUTIES

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls due to inadequate segregation of duties over the recording of deposits, vendor account maintenance, and cash disbursements. Additionally, timely preparation and review of bank reconciliations is not being consistently performed. This is a repeat finding from June 30, 2016, 2017, 2018, and 2019.

Current Status: Similar finding was noted in the current year and is listed as finding 2021-001.

2020-002 PAYROLL FUNCTION

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls over the payroll function due to inadequate segregation of duties as well as lack of documentation of review and approval. The employee responsible for submitting payroll records to the third party reviews the third parties' payroll register prior to the processing of the checks and posts the payroll entry. We also noted no approval of the timesheet for the person responsible for the payroll function and the person responsible for the fire department as well as no use of a timesheet for another employee. Also, some timecards are not being approved by anyone. In addition, the third party payroll provider does not require any other approval for rate changes other than approval by the employee submitting the change and no other employee with the third party provider reviews the changes. This is a repeat finding from June 30, 2018 and 2019.

Current Status: Similar finding was noted in the current year and is listed as finding 2021-002.

2020-003 RECONCILIATIONS

Condition: During the assessment of internal control over financial reporting, we identified deficiencies in the design of the controls over the reconciliation function. We identified deficiencies in the design of the controls regarding reconciliation of payments to contractors, payments to retirement plans, health insurance payments, accounts payable, retainage payable, construction in progress, and debt payments. In addition, we noted a bank reconciliation had not been performed on one cash account and another bank reconciliation did not agree to the general ledger. We also noted during our audit, deficiencies in the design of controls over the reconciliation function resulted in an overpayment to a contractor in the amount of \$189,893 and overpayments to a retirement plan totaling \$5,313. The City has since recovered these amounts. It was also noted board members are not receiving timely accurate financial information.

Current Status: Similar finding was noted in the current year and is listed as finding 2021-003.

CITY OF DONALDSONVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
For the Year Ended June 30, 2021

B. FINDINGS – COMPLIANCE WITH LAWS AND REGULATIONS

2020-004 BOND RESERVE REQUIREMENTS

Condition: The City failed to make transfers of principal and interest to the sinking funds and several other accounts on a timely basis for several of its various bond issuances. The City is also not in compliance with the 2010 and 2016 Sewer Revenue Bonds debt service ratio requiring net revenues excluding other city moneys be an amount equal to at least one hundred ten percent of the required deposits in the current fiscal year to the Sewage District No. 1 fund. This is a repeat finding from June 2016, 2017, 2018, and 2019.

Current Status: Similar finding was noted in the current year and is combined with finding 2021-004.

2020-005 PUBLIC BID LAW

Condition: The City purchased televisions in the amount of \$12,422 for the fire station during the year ended June 30, 2020. The City also purchased two pumps purportedly from a sole source vendor. Both purchases were in excess of ten thousand dollars but no quotes were obtained. There was also no supporting documentation to verify a purchase from a sole source vendor.

Current Status: Similar finding was noted in the current year and is listed as finding 2021-005.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

**2020-006 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(SEFA)**

Condition: Uniform Guidance section 200.510 requires the auditee to prepare a SEFA. A complete and accurate SEFA was not provided to us.

Current Status: Similar finding was noted in the current year and is listed as finding 2021-007.

2020-007 ENHANCEMENT OF POLICIES AND PROCEDURES FOR FEDERAL AWARDS

Condition: The written policies and procedures of the City do not directly address the compliance areas with the Uniform Guidance for federal programs as it relates to allowable costs and procurement.

Current Status: Similar finding was noted in the current year and is listed as finding 2021-008.



City of Donaldsonville

LEROY J. SULLIVAN, SR., MAYOR

Lauthaught Delaney, Sr., District 1
 Raymond Aucoin, District 2
 Reginald Francis, Sr., District 3

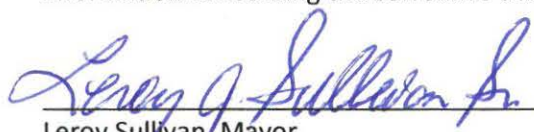
December 23, 2021

Rev. Charles Brown, Sr., District 4
 Michael W. Sullivan, Sr., District 5

Corrective Action Plan for current year audit findings for the year ended June 30, 2021

Audit Finding	Description of Findings	Correction Action	Contact Person	Anticipated completion date
2021-001	Lack of Segregation of duties	Management will prepare a policy manual to make sure procedures are followed according to best practices.	Mayor Leroy Sullivan and Sandra Williams	Immediately
2021-002	Payroll Function	Proper internal controls will be established regarding the processing of payroll.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2021-003	Reconciliations	Management will establish controls for reconciling all transactions.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2021-004	Bond Reserve Requirements	Management will establish procedures to ensure compliance.	Mayor Leroy Sullivan and Sandra Williams	Immediately
2021-005	Public Bid Law	Management will ensure that all bid documentation is acquired under state contract.	Mayor Leroy Sullivan and Sandra Williams	Immediately
2021-006	Local Government Budget Act	Management will amend budgets as required by the Local Budget Government Budget Act.	Mayor Leroy Sullivan and Sandra Williams	Immediately
2021-007	Schedule of Expenditures of Federal Awards (SEFA)	Management will properly create a schedule of all Federal Awards.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis
2021-008	Enhancement of Policies and Procedures for Federal Awards	Management will establish written policies and procedures to ensure compliance with Uniform Guidance.	Mayor Leroy Sullivan and Sandra Williams	Monthly basis

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.



Leroy Sullivan, Mayor



215 Saint Patrick St. – Donaldsonville, LA 70346
225-473-4179 Phone – 225-473-7204 Fax –
pncpa.com

A Professional Accounting Corporation

To the Honorable Mayor and
Members of the Commission Council
City of Donaldsonville, Louisiana

We have audited the general-purpose financial statements of the City of Donaldsonville (the City) for the year ended June 30, 2021, and have issued our report thereon dated December 23, 2021. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 23, 2021, on the financial statements of the City of Donaldsonville or the City's internal control over financial reporting.



ML 21-001

Information System Control Environment

Condition:

The controls related to the information system environment should be improved to ensure that information is secure, access to information is limited to personnel with a need for access, and that system changes are appropriate.

Recommendation:

The City should consider implementing the following:

- The City should make every effort to formalize and approve IT policies and procedures that include IS Operations, Information Security, and Change Management. Policies and procedures should be reviewed periodically to ensure their applicability as the environment and risks change and include a formal password policy and security strategies and expectations.
- The City should consider formally working with the vendor to complete a formal review of active network accounts to determine that access for terminated users was disabled and the appropriateness of access permissions for existing users.
- The City should work with the third party IT vendor to obtain disaster recovery testing reports. The City should further consider the scope and nature of the testing procedures to determine that the vendor has sufficiently satisfied contracted obligations and that any identified issues were resolved in a timely manner.
- The City should continue to work to obtain the SOC report for INCODE and Personnel Management, Inc., and any other service organization that stores and accesses the City's financial data. Management should also work with the third party IT vendor to obtain assessment reports of any procedures completed regarding information system assessments. The reports should be reviewed to identify any exceptions that might impact internal operations.

This information is intended solely for the use of the members of the Council and management of the City of Donaldsonville and should not be used for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
December 23, 2021



Status of Prior Year Management Letter Comments

ML 20-001

Documentation of the Components of Internal Control

Condition:

The components of an internal control system include the control environment, management's risk assessment, information and communication systems, control activities, and monitoring. Management should actively participate in the design and approval of the financial reporting system and procedures to safeguard assets as well as monitoring of the appropriateness and effectiveness of the existing procedures as the City's accounting processes evolve.

Current Status:

Resolved.

ML 20-002

Information System Control Environment

Condition:

The controls related to the information system environment should be improved to ensure that information is secure, access to information is limited to personnel with a need for access, and that system changes are appropriate.

Current Status:

A similar finding is reported for the current year.



City of Donaldsonville

LEROY J. SULLIVAN, SR., MAYOR

Lauthaught Delaney, Sr., District 1
Raymond Aucoin, District 2
Reginald Francis, Sr., District 3

Rev. Charles Brown, Sr., District 4
Michael W. Sullivan, Sr., District 5

December 23, 2021

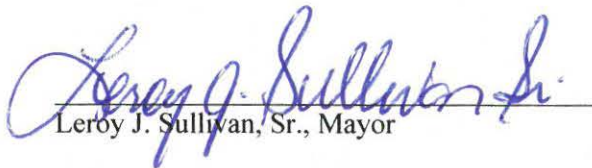
Corrective Action Plan for
current year management letter points
for the year ended June 30, 2021

ML 21-001 Information System Control Environment

Recommendation: The controls related to information system environment should be improved to ensure that information is secure, access to information is limited to personnel with a need for access, and that system changes are appropriate.

Corrective Action Plan: The City will make every effort to update the IT policies and procedures that include IS Operations, Information Security, and Change management. The IT vendor will develop a plan to review active network accounts to determine access for terminated users was disabled. IT will also test the disaster recovery plan on an annual basis. Management will continue to work to obtain Incode and Personnel Management to get SOC reports.

The above corrective action plan addresses the auditor's current year management letter points. If you need any additional information concerning the corrective action plan, please feel free to contact us.


Leroy J. Sullivan, Sr., Mayor