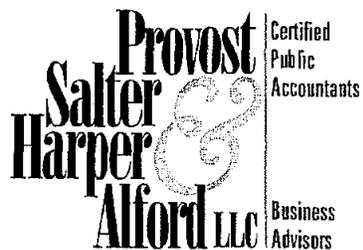


**CITY OF PORT ALLEN,
LOUISIANA**

FINANCIAL REPORT

June 30, 2018



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CITY OF PORT ALLEN, LOUISIANA

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CITY OF PORT ALLEN, LOUISIANA

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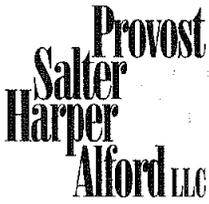
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Certified
Public
Accountants

Business
Advisors

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund, of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Port Allen, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Port Allen, Louisiana's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund, of the City of Port Allen, Louisiana as of June 30, 2018, 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.

Emphasis of Matter

As disclosed in the Note 16 to the financial statements, in 2018, the entity adopted new accounting guidance under GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Port Allen, Louisiana's basic financial statements. The accompanying other supplementary information, on Schedules 6 and 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying other supplementary information, on Schedules 6 and 7, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the City of Port Allen Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Port Allen Louisiana's internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC



December 13, 2018
Baton Rouge, Louisiana

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

We offer readers of the City of Port Allen's financial statements this narrative overview and analysis of the financial activities of the City of Port Allen for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which follow this section.

Financial Highlights

Key financial highlights for the 2018 fiscal year include the following:

- The assets of the City of Port Allen exceeded its liabilities at the close of the most recent fiscal year by \$9,254,071 (net position). Of this amount, \$9,313,617 is either restricted or invested in assets that cannot be readily liquidated, the City has a deficit unrestricted net position of \$59,546.
- The net position of the City of Port Allen, was decreased by \$667,978 because the entity adopted new accounting guidance under GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Net position of governmental activities decreased by \$457,450 and net position of business-type activities decreased by \$210,528.
- The total net position of the City of Port Allen increased by \$385,340 for the year ended June 30, 2018, current operations. Net position of governmental activities increased by \$198,379 and net position of business-type activities increased by \$186,961.
- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported combined ending fund balance of \$8,345,019, an increase of \$252,693 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately \$8.0 million for the General Fund and \$.3 million for the Municipal Complex Debt Service Fund.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$5,534,097 or 108.6% of total General Fund expenditures.
- During the fiscal year, the City's long term debt increased by \$48,273 due to (1) payment of \$92,000 to the Department of Environmental Quality Revolving Loan Fund, (2) repayment of \$150,000 on bonds issued for the new city hall, (3) an overall increase of \$44,343 in the estimated long term compensated absences, (4) an overall increase of \$305,775, in the estimated liability for post-employment benefit obligations and (5) an overall decrease of \$59,845 in the estimated liability for net pension liabilities.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

Overview of the Financial Statements

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

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

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

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

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

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

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

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

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

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

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

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

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

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

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

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

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

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

Financial Analysis of Government-wide Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Port Allen assets exceed liabilities by \$9,254,071 at the close of the most recent fiscal year.

A large portion of the City of Port Allen's net position (60.54 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Port Allen uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Port Allen's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Port Allen's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 8,279,668	\$ 8,195,252	\$ 1,739,883	\$ 2,058,969	\$ 10,019,551	\$ 10,254,221
Restricted assets	334,334	317,187	403,618	397,042	737,952	714,229
Capital assets	4,180,263	4,125,676	7,897,287	7,443,887	12,077,550	11,569,563
Total assets	12,794,265	12,638,115	10,040,788	9,899,898	22,835,053	22,538,013
Deferred out flows	1,239,310	1,755,599	566,701	571,022	1,806,011	2,326,621
Current and other liabilities	423,983	570,113	469,834	406,426	893,817	976,539
Long-term liabilities	7,801,496	7,687,605	3,466,386	3,196,961	11,267,882	10,884,566
Total liabilities	8,225,479	8,257,718	3,936,220	3,603,387	12,161,699	11,861,105
Deferred inflows	191,071	259,900	3,034,223	3,206,920	3,225,294	3,466,820
Net position:						
Invested in capital assets, net of related debt	1,945,263	1,740,676	3,657,432	3,007,287	5,602,695	4,747,963
Restricted	2,810,922	2,786,301	900,000	900,000	3,710,922	3,686,301
Unrestricted	860,840	1,349,119	(920,386)	(246,674)	(59,546)	1,102,445
Total net position	\$ 5,617,025	\$ 5,876,096	\$ 3,637,046	\$ 3,660,613	\$ 9,254,071	\$ 9,536,709

At the end of the current fiscal year, the City of Port Allen is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

However, due to the implementation of GASB 75, the City now has more than the total of its net position either restricted or tied up in fixed assets, thus creating a deficit unrestricted net position.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

The City of Port Allen's net position increased by \$385,340 during the current fiscal year. The following is a summary of the City of Port Allen's changes in net position.

City of Port Allen's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>Revenues</i>						
Program revenues:						
Charges for services	\$ 539,730	\$ 512,570	\$ 2,942,021	\$ 2,351,630	\$ 3,481,751	\$ 2,864,200
Grants and contributions	695,707	604,265	-	-	695,707	604,265
General revenues:						
Property taxes	563,697	558,166	-	-	563,697	558,166
Franchise taxes	322,978	331,294	-	-	322,978	331,294
Business licenses	374,704	417,002	-	-	374,704	417,002
Intergovernmental revenues	3,522,134	3,630,401	-	-	3,522,134	3,630,401
Investment earnings	53,875	16,481	6,918	1,089	60,793	17,570
Other	55,054	111,971	21,660	16,972	76,714	128,943
Total revenues	<u>6,127,879</u>	<u>6,182,150</u>	<u>2,970,599</u>	<u>2,369,691</u>	<u>9,098,478</u>	<u>8,551,841</u>
<i>Expenses</i>						
General Government	1,005,897	1,010,840	-	-	1,005,897	1,010,840
Public Safety	2,031,030	2,034,825	-	-	2,031,030	2,034,825
Roads and Drainage	1,423,151	1,525,529	-	-	1,423,151	1,525,529
Depot Welcoming Center	15,415	9,601	-	-	15,415	9,601
Sanitation	524,636	505,803	-	-	524,636	505,803
Animal Control	34,800	35,205	-	-	34,800	35,205
Welfare	564,940	574,028	-	-	564,940	574,028
Community Development	148,612	288,475	-	-	148,612	288,475
Fleet Maintenance	95,444	137,591	-	-	95,444	137,591
Debt Service	85,575	90,075	-	-	85,575	90,075
Water, Sewage and Gas	-	-	2,783,638	2,581,731	2,783,638	2,581,731
Total expenses	<u>5,929,500</u>	<u>6,211,972</u>	<u>2,783,638</u>	<u>2,581,731</u>	<u>8,713,138</u>	<u>8,793,703</u>
Increase (decrease) before transfer	198,379	(29,822)	186,961	(212,040)	385,340	(241,862)
Transfers in (out)	-	-	-	-	-	-
Net increase (decrease)	198,379	(29,822)	186,961	(212,040)	385,340	(241,862)
Net position - beginning	5,876,096	5,905,918	3,660,613	3,872,653	9,536,709	9,778,571
Prior period adjustment	(457,450)	-	(210,528)	-	(667,978)	-
Net position-beginning restated	<u>5,418,646</u>	<u>5,905,918</u>	<u>3,450,085</u>	<u>3,872,653</u>	<u>8,868,731</u>	<u>9,778,571</u>
Net position at end of year	<u>\$ 5,617,025</u>	<u>\$ 5,876,096</u>	<u>\$ 3,637,046</u>	<u>\$ 3,660,613</u>	<u>\$ 9,254,071</u>	<u>\$ 9,536,709</u>

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

Governmental Activities

Revenues for the City of Port Allen's governmental activities for the year ended June 30, 2018 were \$6,127,879 compared to \$6,182,150 in the year ended June 30, 2017.

	2018	%	2017	%	Var
Charges for services	\$ 539,730	9%	\$ 512,570	8%	\$ 27,160
Grants and contributions	695,707	11%	604,265	10%	91,442
Property taxes	563,697	9%	558,166	9%	5,531
Franchise taxes	322,978	5%	331,294	6%	(8,316)
Business licenses	374,704	6%	417,002	7%	(42,298)
Investment earnings	53,875	1%	16,481	0%	37,394
Intergovernmental:					
Sales taxes	3,326,904	54%	3,423,886	55%	(96,982)
Other	195,230	0%	206,515	3%	(11,285)
Other	55,054	1%	111,971	2%	(56,917)
Total governmental activities revenues	\$ 6,127,879	96%	\$ 6,182,150	100%	\$(54,271)

Business-type activities

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

- Charges for services for the City's business-type activities were \$2,942,021 an increase of \$590,391, mainly as a result of implementing the pipeline sales of natural gas.
- The City's business-type activities resulted in a total operating income of \$192,434.
- The water fund operating income increased by \$374,604 as a result of pipeline gas sales, while sewer operating income increased by \$17,564.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

Total Governmental Activities Revenues

The cost of all governmental activities this year was \$5,929,500, a decrease of \$282,472. Key factors for the increase are summarized below:

	<u>2017</u>	<u>%</u>	<u>2017</u>	<u>%</u>	<u>Variance</u>
General government	\$ 1,005,897	16%	\$ 1,010,840	16%	\$ (4,943)
Public safety	2,031,030	33%	2,034,825	33%	(3,795)
Fleet Maintenance	95,444	2%	137,591	2%	(42,147)
Roads and drainage	1,423,151	23%	1,525,529	25%	(102,378)
Community Development	148,612	2%	288,475	5%	(139,863)
Sanitation	524,636	8%	505,803	8%	18,833
Debt Service	85,575	1%	90,075	1%	(4,500)
Welfare	564,940	9%	574,028	9%	(9,088)
Other	50,215	1%	44,806	1%	5,409
Total governmental activities expenditures	<u>\$ 5,929,500</u>	<u>100%</u>	<u>\$ 6,211,972</u>	<u>100%</u>	<u>\$ (282,472)</u>

Financial Analysis of the City of Port Allen's Funds

Governmental Funds

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

- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported a combined ending fund balance of \$8,345,019, an increase of \$252,693 in comparison with the prior fiscal year. Of this amount, \$5,534,097 or 66.3% was unassigned and available for spending. \$2,810,922 or 33.7% was non-spendable, restricted or committed to indicate that it is not available for new spending.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

- The General Fund is the chief operating fund of the City of Port Allen. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,534,097. That amount is unassigned and is available for spending at the City Council's discretion. The total fund balance of the City of Port Allen's General Fund increased by \$227,611.
- The Low-Income Housing Assistance Fund accounts for all receipts and expenditures of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify. At the end of the current fiscal year, the fund balance of this fund was \$28,482 all of which is restricted for housing assistance.
- The Municipal Complex Debt Service Fund is operational through proceeds from debt and transfers from the Capital Improvements Fund of the City. At the end of the current fiscal year, the fund balance of this fund was \$277,911, all of which is restricted for debt service.

Proprietary Funds

The Water & Gas Fund and the Sewer Fund net position increased by \$186,961, for the current year and decreased by \$210,528, because the entity adopted new accounting guidance under GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The prior year's decrease was \$212,040.

General Fund Budgetary Highlights

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

The original budget for the General Fund of the City of Port Allen was adopted on June 14, 2017. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- General Fund revenues were \$393,734 (7.7%) higher than revised and original budget estimates. Sales tax revenue was the largest contributor to those favorable budget variances.

Expenditures

- Total expenditures were \$424,382 (7.7%) lower than the revised budget estimate and \$257,751 (4.8%) lower than the original budget estimate, primarily due to lower expenditures for roads and drainage than was expected.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

New Accounting Pronouncements

The City adopted GASB Statement No. 75 "Account and Financial Reporting for Postemployment Benefits Other Than Pensions." The adoption of GASB 75 required significant changes to the financial statements of the City. The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB). One aspect of that objective is to provide information about the effects of OPEB-related transactions and other events on the elements of the basic financial statements. This information will assist users in assessing accountability and the relationship between a government's inflows of resources and its total cost (including OPEB expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's OPEB obligations and the resources, if any, available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about OPEB-related financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2018 amounts to \$12,077,550 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and structures, furniture and fixtures, equipment and vehicles, the sewer system and wastewater treatment plant, and the water and gas systems. Due to its size, the City of Port Allen is not required to report infrastructure assets acquired before June 30, 2001. However, the City will continue to report new infrastructure assets in the year acquired.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and Land improvements	\$ 686,051	\$ 686,051	\$ 22,237	\$ 22,237	\$ 708,288	\$ 708,288
Buildings and structures	3,064,172	3,001,661	126,144	135,205	3,190,316	3,136,866
Furniture and Fixtures	81,163	63,824	5,367	7,649	86,530	71,473
Equipment and vehicles	348,877	374,140	101,348	69,597	450,225	443,737
Wastewater treatment plant	-	-	1,539,201	1,589,200	1,539,201	1,589,200
Water System	-	-	1,318,973	1,155,504	1,318,973	1,155,504
Gas System	-	-	3,136,514	3,239,238	3,136,514	3,239,238
Sewer System	-	-	1,647,503	1,225,257	1,647,503	1,225,257
Total	\$ 4,180,263	\$ 4,125,676	\$ 7,897,287	\$ 7,443,887	\$ 12,077,550	\$ 11,569,563

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

- The purchase of 4 new police vehicles and accessories for \$113,735.
- Building improvements related to the Centennial Park Project \$170,040.
- Additions to the water system for \$208,747.
- Additions to the Sewer system for \$469,745.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

Long Term Debt

At the end of the current fiscal year, the City of Port Allen had total debt outstanding of \$11,174,840. Of this amount, \$2,235,000 comprises debt backed by the full faith and credit of the government, \$1,275,000 represents debt secured by specified revenue sources, \$433,504 represents the City's estimated liability for compensated absences, \$978,966 represents the City's estimated liability for other postemployment benefits and \$6,252,370 is the City's net pension liability. The following table summarizes debt outstanding at June 30, 2018.

Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue Bonds Payable	\$ 2,235,000	\$ 2,385,000	\$ 1,275,000	\$ 1,367,000	\$ 3,510,000	\$ 3,752,000
Compensated Absences	246,754	208,823	186,750	180,338	433,504	389,161
Other Post Employment Benefit Obligations	942,573	503,988	377,435	169,203	1,320,008	673,191
Net Pension Liability	4,532,169	4,739,795	1,720,201	1,572,420	6,252,370	6,312,215
Total Long Term Debt	\$ 7,956,496	\$ 7,837,606	\$ 3,559,386	\$ 3,288,961	\$ 11,515,882	\$ 11,126,567

During the fiscal year, the City's long term debt increased by \$48,273 due to (1) repayment of \$92,000 to the Department of Environmental Quality Revolving Loan Fund, (2) repayment of \$150,000 on bonds issued for the new city hall, (3) an overall increase of \$44,343 in the estimated long term compensated absences (4) an overall increase of \$305,775 in the estimated liability for post-employment benefit obligations and (5) an overall decrease of \$59,845 of net pension liabilities.

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

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2018

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for fiscal year 2017-2018 was presented to the Council:

For the year ending June 30, 2019, the City of Port Allen is projecting a small surplus in its General Fund after making required bond principal and interest payments on the Municipal Complex bond obligations. This is due primarily to consistent revenues and a slight reduction in expected expenditures in the General Fund. The projected deficit in the Water and Gas Fund is much smaller than in previous years. This projection may improve during the year since the new gas line project is back online and producing a significant amount of revenue over original projections. The cost of MERS, MPERS, and health insurance rates have increased again this year. The Sewer Fund has a higher projection of revenues, but expenses for capital and infrastructure continue to deplete the Sewer Fund's retained earnings. It has been recommended to the Mayor and City Council to consider raising these fees to stave off the rising costs of the large capital sewer system expenses.

Requests for Information

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

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position

June 30, 2018

	Primary Government			Component unit
	Government activities	Business-type activities	Total	
Assets				
Cash and cash equivalents	\$ 6,860,771	\$ 1,559,661	\$ 8,420,432	\$ 478,356
Investments	705,172	20,000	725,172	189,754
Receivables, net	236,980	320,812	557,792	-
Internal balances	161,531	(161,531)	-	16,718
Due from other governments	313,685	-	313,685	-
Prepaid items and other assets	1,529	941	2,470	1,440
Restricted assets:				
Cash and cash equivalents	334,334	403,618	737,952	-
Capital assets:				
Land	686,051	22,237	708,288	-
Other capital assets, net of depreciation	3,494,212	7,875,050	11,369,262	79,410
Total assets	12,794,265	10,040,788	22,835,053	765,678
Deferred Outflow of Resources	1,239,310	566,701	1,806,011	-
Total assets and deferred outflows of resources	14,033,575	10,607,489	24,641,064	765,678
Liabilities				
Current liabilities:				
Accounts payable	111,741	188,659	300,400	-
Deposits and deferred charges	-	185,147	185,147	-
Accrued interest payable	42,791	3,028	45,819	41,569
Accrued wages and other	114,451	-	114,451	49,400
Bonds payable, due within one year	155,000	93,000	248,000	-
Noncurrent liabilities:				
Compensated absences	246,754	186,750	433,504	-
OPEB obligations	942,573	377,435	1,320,008	-
Bonds payable, due in more than one year	2,080,000	1,182,000	3,262,000	-
Net pension liability	4,532,169	1,720,201	6,252,370	-
Total liabilities	8,225,479	3,936,220	12,161,699	90,969
Deferred Inflow of Resources	191,071	3,034,223	3,225,294	45,479
Total liabilities and deferred inflows of resources	8,416,550	6,970,443	15,386,993	136,448
Net Position				
Invested in capital assets, net of related debt	1,945,263	3,657,432	5,602,695	31,410
Restricted for:				
Prepaid expenses	1,529	-	1,529	-
Public safety	3,000	-	3,000	-
Welfare	28,482	-	28,482	-
Debt service	277,911	-	277,911	-
Ordinance No. 1 of 2006	2,500,000	900,000	3,400,000	-
Unrestricted	860,840	(920,386)	(59,546)	597,820
Total net position	\$ 5,617,025	\$ 3,637,046	\$ 9,254,071	\$ 629,230

CITY OF PORT ALLEN, LOUISIANA

Statement of Activities

Year Ended June 30, 2018

Functions/programs	Program Revenues			Net (expenses) revenue and change in net position			Component units
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	Total	
Primary government:							
Governmental activities:							
General government	\$ 1,005,897	\$ -	\$ -	\$ (1,005,897)	\$ -	\$ (1,005,897)	\$ -
Public safety	2,031,030	13,664	-	(2,017,366)	-	(2,017,366)	-
Roads and drainage	1,423,151	-	106,835	(1,316,316)	-	(1,316,316)	-
Depot welcoming center	15,415	-	-	(15,415)	-	(15,415)	-
Sanitation	524,636	526,066	-	1,430	-	1,430	-
Animal control	34,800	-	-	(34,800)	-	(34,800)	-
Welfare	564,940	-	588,872	23,932	-	23,932	-
Community development	148,612	-	-	(148,612)	-	(148,612)	-
Fleet maintenance	95,444	-	-	(95,444)	-	(95,444)	-
Debt service	85,575	-	-	(85,575)	-	(85,575)	-
Total governmental activities	5,929,500	539,730	695,707	(4,694,063)	-	(4,694,063)	-
Business-type activities							
Water and Gas	2,041,409	2,050,928	-	-	9,519	9,519	-
Sewer	742,229	891,093	-	-	148,864	148,864	-
Total business-type activities	2,783,638	2,942,021	-	-	158,383	158,383	-
Total primary government	\$ 8,713,138	\$ 3,481,751	\$ 695,707	(4,694,063)	158,383	(4,535,680)	-
Component units:							
City Court	\$ 361,468	\$ 396,374	\$ -	-	-	-	34,906
General revenues:							
Property taxes				563,697	-	563,697	-
Franchise taxes				322,978	-	322,978	-
Business licenses				374,704	-	374,704	-
Intergovernmental revenue							
Sales and use taxes				3,326,904	-	3,326,904	-
Other taxes				32,249	-	32,249	-
Other income				162,981	-	162,981	-
Investment earnings				53,875	6,918	60,793	6,322
Gain (loss) on sale of assets				24,583	-	24,583	-
Miscellaneous				30,471	21,660	52,131	-
Transfers				-	-	-	-
Total general revenues and transfers				4,892,442	28,578	4,921,020	41,228
Change in net position				198,379	186,961	385,340	41,228
Net position - beginning				5,876,096	3,660,613	9,536,709	588,002
Prior period adjustment				(457,450)	(210,528)	(667,978)	-
Net position-beginning restated				5,418,646	3,450,085	8,868,731	588,002
Net position - ending	\$ 5,617,025	\$ 3,637,046	\$ 9,254,071	\$ 629,230			

CITY OF PORT ALLEN, LOUISIANA

Balance Sheet, Governmental Funds

June 30, 2018

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,832,869	\$ 27,902	\$ -	\$ 6,860,771
Investments	705,172	-	-	705,172
Receivables, net	236,980	-	-	236,980
Due from other funds	161,531	580	-	162,111
Due from other governments	313,685	-	-	313,685
Prepaid items and other assets	1,529	-	-	1,529
Restricted cash and cash equivalents	13,634	-	320,699	334,333
Total assets	\$ 8,265,400	\$ 28,482	\$ 320,699	\$ 8,614,581
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 111,741	\$ -	\$ -	\$ 111,741
Other current liabilities	114,453	-	-	114,453
Due to other funds	580	-	-	580
Accrued interest payable	-	-	42,788	42,788
Total liabilities	226,774	-	42,788	269,562
Fund balance:				
Nonspendable:				
Prepaid items	1,529	-	-	1,529
Restricted:				
Public safety	3,000	-	-	3,000
Welfare	-	28,482	-	28,482
Debt service	-	-	277,911	277,911
Committed:				
Ordinance No. 1 of 2006	2,500,000	-	-	2,500,000
Unassigned	5,534,097	-	-	5,534,097
Total fund balance	8,038,626	28,482	277,911	8,345,019
Total liabilities, deferred inflow of resources and fund balance	\$ 8,265,400	\$ 28,482	\$ 320,699	\$ 8,614,581

CITY OF PORT ALLEN, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net position****June 30, 2018**

Fund balances - total governmental funds		\$ 8,345,019
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 7,451,281	
Less accumulated depreciation	<u>(3,271,018)</u>	
		4,180,263
Deferred outflows and inflows of resources not recognized in the fund balance of Governmental Fund Statement.		
Pension related changes reported as deferred outflows	\$ 1,238,801	
Pension related changes reported as deferred inflows	(155,466)	
OPEB related changes reported as deferred outflows	508	
OPEB related changes reported as deferred inflows	<u>(35,604)</u>	
		1,048,239
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable	\$ (2,235,000)	
OPEB obligations	(942,573)	
Compensated absences	(246,754)	
Net pension liability	<u>(4,532,169)</u>	
		<u>(7,956,496)</u>
Net position of governmental activities		<u><u>\$ 5,617,025</u></u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2018

Governmental Funds

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
Revenues				
Taxes	\$ 886,675	\$ -	\$ -	\$ 886,675
Licenses and permits	374,704	-	-	374,704
Intergovernmental	3,577,856	588,872	-	4,166,728
Charges for services	539,730	-	-	539,730
Fines and forfeitures	51,113	-	-	51,113
Investment earnings	52,783	18	1,075	53,876
Miscellaneous	30,473	-	-	30,473
Total revenues	5,513,334	588,890	1,075	6,103,299
Expenditures				
Current				
General government	716,571	-	-	716,571
Public safety	1,848,042	-	-	1,848,042
Roads and drainage	1,366,592	-	-	1,366,592
Depot welcome center	15,415	-	-	15,415
Sanitation	524,636	-	-	524,636
Health	34,800	-	-	34,800
Welfare	-	564,940	-	564,940
Community development	164,040	-	-	164,040
Fleet maintenance	89,913	-	-	89,913
Capital outlay				
General government	182,233	-	-	182,233
Public safety	91,877	-	-	91,877
Roads and drainage	59,998	-	-	59,998
Debt service				
Principal	-	-	150,000	150,000
Interest and other charges	-	-	85,575	85,575
Bond issuance costs	-	-	-	-
Total expenditures	5,094,117	564,940	235,575	5,894,632
Excess (Deficiency) of Revenues Over Expenditures				
	419,217	23,950	(234,500)	208,667
Other Financing Sources (Uses)				
Sales of general fixed assets	44,027	-	-	44,027
Operating transfers in	(235,633)	-	240,262	4,629
Operating transfers out	-	(4,630)	-	(4,630)
Total other financing sources (uses)	(191,606)	(4,630)	240,262	44,026
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
	227,611	19,320	5,762	252,693
Fund Balances				
Beginning	7,811,015	9,162	272,149	8,092,326
Ending	\$ 8,038,626	\$ 28,482	\$ 277,911	\$ 8,345,019

CITY OF PORT ALLEN, LOUISIANA

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, Changes in Fund Balances to the Statement of Activities****Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$	252,693	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>			
Capital outlay	\$	333,827	
Depreciation expense		<u>(279,240)</u>	
			54,587
<p>The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>			
Principal payments			150,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>			
OPEB expenses	\$	(16,233)	
Compensated absences		(37,931)	
Pension expense		<u>(204,737)</u>	
			<u>(258,901)</u>
Change in net position of governmental activities	\$		<u><u>198,379</u></u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds

June 30, 2018

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 886,741	\$ 672,920	\$ 1,559,661
Investments	-	20,000	20,000
Accounts receivable, net	163,402	157,410	320,812
Due from other funds	73,497	-	73,497
Prepaid expenses and other current assets	941	-	941
Total current assets	<u>1,124,581</u>	<u>850,330</u>	<u>1,974,911</u>
Non-current Assets			
Restricted:			
Cash and cash equivalents	185,147	218,471	403,618
Total restricted assets	<u>185,147</u>	<u>218,471</u>	<u>403,618</u>
Capital assets:			
Land and land improvements	14,857	7,380	22,237
Buildings and structures	294,449	-	294,449
Furniture and fixtures	54,283	14,362	68,645
Equipment and vehicles	332,482	172,299	504,781
Wastewater treatment plant	-	2,440,876	2,440,876
Water system	2,666,224	-	2,666,224
Gas system	4,046,906	-	4,046,906
Sewer system	-	2,606,661	2,606,661
Less accumulated depreciation	(2,743,294)	(2,010,198)	(4,753,492)
Total capital assets (net of accumulated depreciation)	<u>4,665,907</u>	<u>3,231,380</u>	<u>7,897,287</u>
Total non-current assets	<u>4,851,054</u>	<u>3,449,851</u>	<u>8,300,905</u>
Deferred Outflows of Resources	392,232	174,469	566,701
Total assets and deferred outflows of resources	<u>6,367,867</u>	<u>4,474,650</u>	<u>10,842,517</u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds, Continued

June 30, 2018

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Liabilities			
Current Liabilities (payable from current assets):			
Accounts payable	111,003	77,656	188,659
Due to other funds	140,406	94,622	235,028
Customer deposits	185,147	-	185,147
Total current liabilities (payable from current assets)	<u>436,556</u>	<u>172,278</u>	<u>608,834</u>
Current Liabilities (payable from restricted assets):			
Accrued interest payable on revenue bonds	-	3,028	3,028
Current portion of long-term debt	-	93,000	93,000
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>96,028</u>	<u>96,028</u>
Non-current Liabilities:			
Compensated absences	146,029	40,721	186,750
OPEB obligations	262,290	115,145	377,435
Bonds and notes payable	-	1,182,000	1,182,000
Net pension liability	1,239,133	481,068	1,720,201
Total non-current liabilities	<u>1,647,452</u>	<u>1,818,934</u>	<u>3,466,386</u>
Total liabilities	<u>2,084,008</u>	<u>2,087,240</u>	<u>4,171,248</u>
Deferred Inflows of Resources			
Total liabilities and deferred inflow of resources	<u>3,022,103</u>	<u>12,120</u>	<u>3,034,223</u>
<u>5,106,111</u>	<u>2,099,360</u>	<u>7,205,471</u>	
Net Position			
Invested in capital assets, net of related debt	1,701,052	1,956,380	3,657,432
Restricted for:			
Ordinance No. 1 of 2006	900,000	-	900,000
Unrestricted (deficit)	(1,339,296)	418,910	(920,386)
Total net position	<u>\$ 1,261,756</u>	<u>\$ 2,375,290</u>	<u>\$ 3,637,046</u>

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2018

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Operating Revenues			
Charges for services			
Gas sales	\$ 1,561,157	\$ -	\$ 1,561,157
Water sales	469,622	-	469,622
Sewer service charges	-	888,726	888,726
Connection fees	20,149	2,367	22,516
Miscellaneous	21,660	-	21,660
Total Operating Revenues	2,072,588	891,093	2,963,681
Operating Expenses			
Personal services	800,039	342,350	1,142,389
Contractual services and other	323,246	176,832	500,078
Supplies	26,573	34,182	60,755
Materials	657,048	9,066	666,114
Heat, light and power	49,306	45,779	95,085
Depreciation	185,197	121,629	306,826
Total Operating Expenses	2,041,409	729,838	2,771,247
Operating Income (Loss)	31,179	161,255	192,434
Nonoperating Revenues (Expenses)			
Interest expense	-	(12,391)	(12,391)
Investment earnings	5,616	1,302	6,918
Total Nonoperating Revenues (Expenses)	5,616	(11,089)	(5,473)
Income (loss) before transfers	36,795	150,166	186,961
Transfer in	-	-	-
Transfer (out)	-	-	-
Increase (Decrease) in net assets	36,795	150,166	186,961
Net position			
Beginning	1,373,592	2,287,021	3,660,613
Prior period adjustment	(148,631)	(61,897)	(210,528)
Beginning as restated	1,224,961	2,225,124	3,450,085
Ending	\$ 1,261,756	\$ 2,375,290	\$ 3,637,046

CITY OF PORT ALLEN, LOUISIANA

Statement of Cash Flows

Year Ended June 30, 2018

Proprietary Funds

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,987,273	\$ 879,711	\$ 2,866,984
Payments to suppliers	(1,011,597)	(246,114)	(1,257,711)
Payments to employees for services and benefits	(744,224)	(324,168)	(1,068,392)
Other operating cash receipts	21,660	-	21,660
Net Cash Provided By (Used In) Operating Activities	253,112	309,429	562,541
Cash Flows From Noncapital Financing Activities			
Transfers to other funds	-	-	-
Transfers from other funds	-	-	-
Net Cash Provided By (Used in) Noncapital Financing Activities	-	-	-
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(245,249)	(514,977)	(760,226)
Principal paid on revenue bonds	-	(92,000)	(92,000)
Interest paid	-	(12,610)	(12,610)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(245,249)	(619,587)	(864,836)
Cash Flows From Investing Activities			
Interest received	5,616	1,302	6,918
Net Cash Provided By (Used In) Investing Activities	5,616	1,302	6,918
Increase (Decrease) in Cash and Cash Equivalents	13,479	(308,856)	(295,377)
Cash and Cash Equivalents			
Beginning	1,151,916	1,220,246	2,372,162
Ending	\$ 1,165,395	\$ 911,390	\$ 2,076,785
Cash and Cash Equivalents Restricted Assets			
Totals	\$ 886,741	\$ 672,920	\$ 1,559,661
	185,147	218,471	403,618
	\$ 1,071,888	\$ 891,391	\$ 1,963,279

CITY OF PORT ALLEN, LOUISIANA

*Statement of Cash Flows**Year Ended June 30, 2018**Proprietary Funds, Continued*

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Operating income	\$ 31,179	\$ 161,255	\$ 192,434
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	185,197	121,629	306,826
(Increase) decrease in assets			
Accounts receivable	(88,671)	(10,420)	(99,091)
Prepaid expenses	(132)	-	(132)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	44,708	18,783	63,491
Deposits	5,275	-	5,275
OPEB obligations	47,007	23,607	70,614
Compensated absences	11,837	(5,425)	6,412
Net Cash Provided By (Used In) Operating Activities	\$ 253,112	\$ 309,429	\$ 562,541

CITY OF PORT ALLEN, LOUISIANA

**Statement of Net Position
Component Unit****December 31, 2017**

	City Court
Assets	
Current Assets	
Cash	\$ 478,356
Certificates of deposit	147,397
Investments	42,357
Prepaid expenses	1,440
Due from other funds	16,718
Total current assets	<u>686,268</u>
Non-Current Assets	
Capital assets, net of depreciation	<u>79,410</u>
Total assets	<u>765,678</u>
Deferred Outflows of Resources	
Total assets and deferred outflows of resources	<u>-</u> <u>765,678</u>
Liabilities	
Current Liabilities	
Due to other governments	36,400
Accrued expenses	5,169
Deferred revenues	1,400
Current portion of long-term liabilities	24,000
Total current liabilities	<u>66,969</u>
Non-Current Liabilities	
Long-Term Liability	<u>24,000</u>
Total Liabilities	<u>90,969</u>
Deferred Inflows of Resources	
Total liabilities and deferred inflows of resources	<u>45,479</u> <u>136,448</u>
Net Position	
Invested in capital assets, net of related debt	31,410
Unassigned	597,820
Total net position	<u>\$ 629,230</u>

CITY OF PORT ALLEN, LOUISIANA

*Statement of Activities
Component Unit*

Year Ended December 31, 2017

	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	City Court
City Court			
Judiciary	\$ 361,468	\$ 396,374	\$ 34,906
General Revenues			
Investment earnings			6,322
Change in net position			41,228
Net position - beginning			<u>588,002</u>
Net position - ending			<u>\$ 629,230</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements

June 30, 2018

1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

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

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

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

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

The government reports the following major governmental funds:

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

Special Revenue Fund:

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

Debt Service Fund:

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

The government reports the following major proprietary funds:

Enterprise Funds:

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Gas fund and the Sewer fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. State statutes authorize the City to invest in United States bonds, treasury notes or certificates. These are classified as investments if the original maturities exceed 90 days. Investments are stated at fair value using published market rates.

Cash and cash equivalents are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

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

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

Capital Assets. Capital Assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

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

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

Fund Equity.

Equity Classifications.

Government-Wide Financial Statements.

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

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

Fund Financial Statements.

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

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

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

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

Unassigned – all other spendable amounts.

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

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

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

Interfund Receivables and Payables:

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

Elimination and Reclassification:

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Revenues and Expenditure Recognition.

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

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

<u>General Fund</u>	<u>2018 Millage</u>
General Maintenance	7.54
Police Department	5.27

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

Subsequent Events. In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 13, 2018, the date the financial statements were available to be issued.

Current Year Adoption of New Accounting Standards. The City adopted the following recently issued GASB Standards in the preparation of this Annual Financial Report:

The City adopted GASB Statement No. 75 "Account and Financial Reporting for Postemployment Benefits Other Than Pensions." The adoption of GASB 75 required significant changes to the financial statements of the City. The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with postemployment benefits other than pensions. These benefits are referred to as other postemployment benefits (OPEB). One aspect of that objective is to provide information about the effects of OPEB-related transactions

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

and other events on the elements of the basic financial statements. This information will assist users in assessing accountability and the relationship between a government's inflows of resources and its total cost (including OPEB expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's OPEB obligations and the resources, if any, available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about OPEB-related financial support provided by certain nonemployer entities for OPEB that is provided to the employees of other entities.

2. Stewardship, Compliance, and Accountability

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

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

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

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

3. Deposits and Investments

The table below reconciles deposits and investments by the nature of the deposit to the applicable financial statement classification as of June 30, 2018.

Financial statement Classification	Demand Deposits	Certificates of Deposit	Money Market Accounts	LAMP	U.S. Agency Obligations	Total
Cash and cash equivalents	\$ 1,297,579	\$ -	\$ 6,095,297	\$ 1,027,557	\$ -	\$ 8,420,432
Investments	-	520,000	-	-	205,172	725,172
Restricted Cash and cash equivalents	417,253	-	320,699	-	-	737,952
Balance per City books	<u>\$ 1,714,832</u>	<u>\$ 520,000</u>	<u>\$ 6,415,996</u>	<u>\$ 1,027,557</u>	<u>\$ 205,172</u>	<u>\$ 9,883,556</u>
Institutional balances	<u>\$ 1,765,545</u>	<u>\$ 520,000</u>	<u>\$ 6,415,996</u>	<u>\$ 1,027,557</u>	<u>\$ 205,172</u>	<u>\$ 9,934,270</u>

Deposits

The total balances will not necessarily equal the balances per the statement of net position. Deposits in bank accounts are stated at cost, which approximates market value. Under state law, these deposits are secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance at all times equaled the amount on deposit with the fiscal agent. Because the securities are held by the pledging fiscal agent in the City's name, the City does not have any custodial credit risk. Balances in the money market accounts are secured by the underlying assets. In addition, the Louisiana Asset Management Pool (LAMP) investments of \$1,027,557 are included in the amounts of cash and cash equivalents because they are readily available.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are uninsured, are not registered in the City, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The deposits of the City at June 30, 2018 were not subject to custodial credit risk.

LAMP

At June 30, 2018, the City had an investment of \$1,027,557 with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

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

- Credit risk: LAMP is rated AAAa by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 85 days as of June 30, 2018.
- Foreign currency risk: Not applicable.

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Investments

As of June 30, 2018, the change in the City's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, June 30, 2017	\$ 698,877	\$ 713,289
Add:		
Purchases	20,000	20,000
Market value adjustment	-	(8,117)
Total	718,877	725,172
Balance, June 30, 2018	\$ 718,877	\$ 725,172

As of June 30, 2018, the City of Port Allen had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Certificates of deposit	\$ 520,000	\$ 120,000	\$ 400,000	\$ -	\$ -
U.S. Agency obligations	205,172	-	205,172	-	-
Total	\$ 725,172	\$ 120,000	\$ 605,172	\$ -	\$ -

Credit Risk

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

As of June 30, 2018, all of the City's purchased investments in U.S. Agencies Bonds were rated AA+ and Aaa by Standard & Poor's and Moody's respectively. U.S. Government obligations are explicitly guaranteed by the U.S. government and are not risk rated.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The City's investment

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

policy requires the investment portfolio to be diversified to eliminate the risk of loss of both principal and income resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

4. Receivables

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

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Balances receivable have been aggregated for presentation in the accompanying financial statements. Therefore, the following schedules provide additional detailed information concerning balances receivable by category and fund type. Receivable balances at June 30, 2018, are as follows:

	<u>Governmental Funds</u>	
	General Fund	Total Governmental Funds
Franchise tax	\$ 74,966	\$ 74,966
Property tax	3,517	3,517
Accounts receivable	86,822	86,822
Interest	2,400	2,400
Other	168,699	168,699
Total Receivables	336,404	336,404
Allowance for Uncollectibles	(99,424)	(99,424)
Receivables, Net	\$ 236,980	\$ 236,980

	<u>Proprietary Funds</u>		
	Water & Gas Fund	Sewer Fund	Total Proprietary Funds
Utility fees	\$ 262,333	\$ 157,410	\$ 419,743
Allowance for uncollectibles	(98,931)	-	(98,931)
Receivables, Net	\$ 163,402	\$ 157,410	\$ 320,812

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

5. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. Proprietary funds reported \$2,964,855 in deferred inflows of resources related to unavailable revenue.

As of June 30, 2018, unavailable revenue reported for proprietary funds relates to the City's acquisition of gas pipe line additions through a public-private partnership with 3 of its commercial customers. The private companies facilitated and paid for the construction of the line additions in return for reduced utility fees until such time that they had recouped their investment. The City will recognize revenue for all gas provided to these customers at normal commercial rates and relieve deferred inflows for the discounts provided the customers until all deferred inflows are realized.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

6. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2018:

	Beginning Balance June 30, 2017		Increases	Decreases	Ending Balance June 30, 2018	
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$	686,051	\$	-	\$	686,051
Capital assets, being depreciated:						
Buildings and structures		4,446,527	175,004	-		4,621,531
Furniture and fixtures		332,688	28,718	-		361,406
Equipment and vehicles		1,680,814	149,548	48,070		1,782,292
Total capital assets, being depreciated		6,460,029	353,270	48,070		6,765,229
Less accumulated depreciation for:						
Buildings and structures		1,444,866	112,492	-		1,557,358
Furniture and fixtures		268,864	11,380	28,627		251,617
Equipment and vehicles		1,306,674	155,368	-		1,462,042
Total accumulated depreciation		3,020,404	279,240	28,627		3,271,017
Total capital assets, being depreciated, net		3,439,625	74,030	19,443		3,494,212
Governmental activities capital assets, net	\$	4,125,676	\$	74,030	\$	4,180,263

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

The following is a summary of changes in capital assets for business-type activities for the fiscal year June 30, 2018:

	Beginning Balance June 30, 2017	Increases	Decreases	Ending Balance June 30, 2018
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 22,237	\$ -	\$ -	\$ 22,237
Capital assets, being depreciated:				
Buildings	294,449	-	-	294,449
Furniture and fixtures	59,917	-	-	59,917
Equipment and vehicles	431,775	73,005	-	504,780
Wastewater treatment plant	2,440,876	8,729	-	2,449,605
Water system	2,457,477	208,747	-	2,666,224
Gas system	4,046,906	-	-	4,046,906
Sewer system	2,136,916	469,745	-	2,606,661
Total capital assets, being depreciated	11,868,316	760,226	-	12,628,542
Less accumulated depreciation for:				
Buildings	159,244	9,064	-	168,308
Furniture and fixtures	52,268	2,280	-	54,548
Equipment and vehicles	362,178	41,255	-	403,433
Wastewater treatment plant	851,676	58,728	-	910,404
Water system	1,301,973	45,277	-	1,347,250
Gas system	807,668	102,723	-	910,391
Sewer system	911,659	47,499	-	959,158
Total accumulated depreciation	4,446,666	306,826	-	4,753,492
Total capital assets, being depreciated, net	7,421,650	453,400	-	7,875,050
Business-type activities capital assets, net	\$ 7,443,887	\$ 453,400	\$ -	\$ 7,897,287

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Depreciation expense was charged to government functions as follows:

General Government	\$	89,885
Public Safety - Police Department		145,918
Roads and Drainage		34,998
Fleet Maintenance		326
Depot Welcoming Center		8,113
Total	\$	<u>279,240</u>
<hr/>		
Water and Gas	\$	185,197
Sewer		121,629
Total	\$	<u>306,826</u>

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

Primary Government

Capital outlay	\$	333,827
Depreciation expense		<u>(279,240)</u>
Total adjustments	\$	<u>54,587</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

7. Long Term Debt

The following is a summary of changes in long term debt for the year ended June 30, 2018:

Type of Debt	Balance at June 30, 2017	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at June 30, 2018	Amount due within One Year
<i>Governmental Activities:</i>					
Revenue bond	\$ 2,385,000	\$ -	\$ 150,000	\$ 2,235,000	\$ 155,000
Other post employment benefits	503,988	438,585	-	942,573	-
Compensated absences	208,823	37,931	-	246,754	-
Net pension liabilities	4,739,795	-	207,626	4,532,169	-
Total governmental long-term debt	\$ 7,837,606	\$ 476,516	\$ 357,626	\$ 7,956,496	\$ 155,000
<i>Business-Type Activities:</i>					
Revenue bond	\$ 1,367,000	\$ -	\$ 92,000	\$ 1,275,000	\$ 93,000
Other post employment benefits	169,203	208,232	-	377,435	-
Compensated absences	180,338	6,412	-	186,750	-
Net pension liabilities	1,572,420	147,781	-	1,720,201	-
Total business-type activities debt	\$ 3,288,961	\$ 362,425	\$ 92,000	\$ 3,559,386	\$ 93,000

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Governmental Activities:

As of June 30, 2018, the governmental long-term debt of the financial reporting entity consisted of the following:

Revenue Bonds

The City borrowed \$3,505,000 from Louisiana Local Environmental Facilities and Community Development Authority (the "Authority") on August 10, 2004 for the construction of a new city hall and related improvements. The loan was payable in annual installments of \$45,000 to \$245,000 plus interest at 4.0% to 5.2%. The bonds were refunded in November 2011 by the issuance of \$3,125,000 of new bonds. Payments are due in annual installments of \$135,000 to \$215,000 plus interest at 2.0% to 4.25%. The bonds are due annually from July 1, 2012 to July 1, 2029. The balance at June 30, 2018 is \$2,235,000 and debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 155,000	\$ 80,925
2020	160,000	75,725
2021	165,000	69,950
2022	170,000	63,575
2023	175,000	85,575
2024-2028	985,000	172,112
2029-2030	425,000	9,138
	<u>\$ 2,235,000</u>	<u>\$ 557,000</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Business Activities:

As of June 30, 2018, the long term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds

On October 1, 2010, the City issued Revenue Bonds through the Louisiana Department of Environmental Quality in an amount not to exceed \$1,900,000 for the purpose of paying the costs of in-kind replacement of most mechanical and electrical equipment at its wastewater treatment plant and rehabilitating approximately 1,170 linear feet of its sewer system. Construction was completed on July 17, 2012. The bonds will mature in 20 years and bear interest and administrative fees at a combined rate of .95%, payable on April 1 and October 1 of each year. The City used \$1,813,000 of the approved total. The balance at June 30, 2018 is \$1,275,000 and debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 93,000	\$ 11,671
2020	93,000	10,787
2021	94,000	9,899
2022	95,000	9,001
2023	96,000	8,094
2024-2028	495,000	26,529
2029-2031	309,000	4,422
	<u>\$ 1,275,000</u>	<u>\$ 80,403</u>

There are a number of covenants and restrictions contained in the bond indenture noted above. The City is in compliance with all of the covenants related to the DEQ debt at June 30, 2018.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

8. Interfund Receivables/Payables and Transfers

Amounts due from and to other funds as reported in the fund financial statements, at June 30, 2018, consist of the following:

<u>Governmental Funds</u>	Interfund Receivables	Interfund Payables	Net
General Fund	\$ 161,531	\$ 580	\$ 160,951
Lower Income Housing	580	-	580
	<u>162,111</u>	<u>580</u>	<u>161,531</u>
<u>Proprietary Funds</u>			
Water & Gas Fund	73,497	140,406	(66,909)
Sewer Fund	-	94,622	(94,622)
	<u>73,497</u>	<u>235,028</u>	<u>(161,531)</u>
	<u>\$ 235,608</u>	<u>\$ 235,608</u>	<u>\$ -</u>

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

For the year ended June 30, 2018, interfund transfers consisted of the following:

<u>Governmental Funds</u>	Transfers In	Transfers Out	Net
General Fund	\$ 4,630	\$ 240,262	\$ (235,632)
Lower Income Housing	-	4,630	(4,630)
Municipal Debt Service Fund	240,262	-	240,262
	<u>244,892</u>	<u>244,892</u>	<u>-</u>
<u>Proprietary Funds</u>			
Water & Gas Fund	-	-	-
Sewer Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 244,892</u>	<u>\$ 244,892</u>	<u>\$ -</u>

9. Contingent Liabilities

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

At June 30, 2018, there were various lawsuits and claims pending against the City. The outcome is not presently determinable and in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial position of the City.

10. Retirement Commitments

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

Plan Description

MERS

MERS membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership, with exceptions outlined in the Louisiana Revised Statutes. The City participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:

- Any age with 25 or more years of creditable service
- Age 60 with a minimum of 10 years' creditable service
- Any age with 5 years of creditable service for disability benefits
- Survivor's benefits require 5 years of creditable service at death of member
- Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

For the year ended June 30, 2017, the actual employer contribution rate was 22.75%.

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

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 24.75% of annual covered payroll. Contributions to the System also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2018, 2017, and 2016 were \$370,294, \$346,299, and \$274,382, respectively, equal to the required contributions for each year.

MPERS

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

- 25 years of creditable service, or
- 20 years of creditable service who has attained age 50, or

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

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

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

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

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

- 30 years of creditable service at any age, or
- 25 years of creditable service at age 55, or
- 10 years of creditable service at age 60.

Under both sub-plans, a member is eligible for early retirement after 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3% and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months) times the number of years of creditable service, not to exceed 100% of final salary.

The plan also provides survivor, death, and disability benefits.

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

Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, 2017, employer contributions were 31.75% for employees hired prior to January 1, 2013 and for Hazardous Duty employees hired after January 1, 2013. For Nonhazardous duty employees hired after January 1, 2013, employer contributions were 33.75%.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 30.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2018, 2017, and 2016 were \$286,133, \$299,395, and \$272,921, respectively, equal to the required contributions for each year.

LASERS

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

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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

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

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

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

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

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

For the year ended June 30, 2018 employer contributions were 41.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. The City's contributions to the System for the years ended June 30, 2018, 2017, and 2016 were \$0.00, \$0.00, and \$7,561, respectively, equal to the required contributions for each year.

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

Net pension liability at June 30, 2018, is comprised of the City's proportional share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer (MERS, MPERS and LASERS) The net pension liability for each plan was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability for each of the cost-sharing plans in which it participates was based on the City's required contributions in proportion to total required contributions for all participating employers, actuarially determined. As of the most recent measurement date for each plan, the City's proportion for each cost-sharing plan and the change in proportion from the prior measurement date were as follows:

	MERS	MPERS	LASERS
Proportion (amount) of net pension liability	\$ 3,529,114	\$ 2,723,255	\$ -
Proportion (%) of net pension liability	0.8436%	0.3119%	0.0000%
Increase/(Decrease) from prior measurement date	0.0588%	-0.0183%	0.0000%

For the year ended June 30, 2018, the City recognized pension expense as follows:

	2018
MERS	\$ 501,554
MPERS	444,801
LASERS	(33,738)
	<u>\$ 912,617</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

	Deferred Outflows of Resources			
	MERS	MPERS	LASERS	Total
Differences between expected and actual experience	\$ -	\$ 17,832	\$ -	\$ 17,832
Changes of assumptions	59,011	193,775	-	252,786
Net difference between projected and actual earnings on pension plan investments	711,651	119,214	-	830,865
Changes in proportion and differences between City contributions and proportionate share of contributions	47,390	-	-	47,390
City contributions subsequent to the measurement date	370,294	286,133	-	656,427
Total	\$ 1,188,346	\$ 616,954	\$ -	\$ 1,805,300

	Deferred Inflows of Resources			
	MERS	MPERS	LASERS	Total
Differences between expected and actual experience	\$ 107,482	\$ 20,931	\$ -	\$ 128,413
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions		49,406	32,758	82,164
Total	\$ 107,482	\$ 70,337	\$ 32,758	\$ 210,577

The deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date totaling \$656,427 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and all amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year	MERS	MPERS	LASERS	Total
2019	\$ 170,302	\$ 114,365	\$ (32,758)	\$ 251,909
2020	404,854	129,773	-	534,627
2021	154,409	28,225	-	182,634
2022	31,914	(63,899)	-	(31,985)
Total	\$ 761,479	\$ 208,464	\$ (32,758)	\$ 937,185

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	MERS	MPERS	LASERS
Inflation	2.775%	2.700%	2.75%
Salary Increases	5.00%	vary from 9.75% for first 2 years of service to 4.25% after 23 years	projected based on a 2009-2013 experience study of system members (3.8%- 12.8%)
Investment rate of return	7.40%	7.33%	7.70%
Actuarial cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Expected remaining Service Lives	3 years	4 years	3 years
Mortality	<p>Annuitant and beneficiary mortality - RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. Employee mortality - RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.</p> <p>Disabled lives mortality - RP-2000 Disabled Lives Mortality Table for females.</p>	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>	<p>Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<u>MERS</u>		
Public equity	50.00%	2.30%
Public fixed income	35.00%	1.60%
Alternatives	15.00%	0.70%
Totals	100.00%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%
<u>MPERS</u>		
Equity	53.00%	3.66%
Fixed Income	21.00%	0.52%
Alternatives	20.00%	1.10%
Other	6.00%	0.16%
Totals	100.00%	5.44%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.19%
<u>LASERS</u>		
Cash	0.00%	-0.24%
Domestic equity	25.00%	4.31%
International equity	32.00%	5.35%
Domestic Fixed Income	8.00%	1.73%
International Fixed Income	6.00%	2.49%
Alternative Investments	22.00%	7.41%
Global Asset Allocation	7.00%	2.84%
Totals	100.00%	5.26%
Inflation		2.75%
Expected Geometric Nominal Return		8.72%

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

Discount Rate

MERS

The discount rate used to measure the total pension liability was 7.40% for the years ended June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MPERS

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LASERS

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

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

	1% Decrease	Current Discount Rate	1% Increase
MERS (current rate 7.40%)	\$ 4,497,264	\$ 3,529,114	\$ 2,703,308
MPERS (current rate 7.33%)	3,762,439	2,723,256	1,851,454
LASERS (current rate 7.70%)	-	-	-
	<u>\$ 8,259,703</u>	<u>\$ 6,252,370</u>	<u>\$ 4,554,762</u>

Pension Plan Fiduciary Net Position:

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

11. Post-Employment Health Care and Life Insurance Benefits

General Information about the OPEB Plan

Plan Description – The City of Port Allen (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Port Allen's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Firefighters' Retirement System of Louisiana, and, third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police systems

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. However, employees must have at least 25 years of service at retirement in order to obtain retiree medical coverage paid by the employer. Because of this requirement and based on past experience and retirement patterns, we have assumed that employees will enter D.R.O.P. after the later of age 55 and completion of 25 years of service. Employees hired on and after January 1, 2013 must meet the following retirement (D.R.O.P. entry) requirements: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability of \$978,966 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.0% including inflation
Prior discount rate	3.58%
Discount rate	3.87%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

Changes in Total OPEB Liability

Balance at June 30, 2017	<u>\$ 1,341,169</u>
Changes for the year	
Service cost	32,288
Interest	49,170
Differences between expected and actual experience	753
Changes in assumptions	(52,794)
Benefit payments and net transfers	(50,578)
Net changes	<u>(21,161)</u>
Balance at June 30, 2018	<u><u>\$ 1,320,008</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB Liability	\$ 1,160,062	\$ 1,320,008	\$ 1,513,557

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 1,160,062	\$ 1,320,008	\$ 1,513,557

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$89,855. At June 30, 2018, 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	\$ 711	\$ -
Changes in assumptions	-	49,861
Total	<u>\$ 711</u>	<u>\$ 49,861</u>

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

Year Ending June 30:	
2019	\$ (2,891)
2020	(2,891)
2021	(2,891)
2022	(2,891)
2023	(2,891)
Thereafter	(34,694)

12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City purchases commercial insurance policies at levels which management believes is adequate to protect the City. There were no claims paid in excess of the commercial insurance coverage for the year ended June 30, 2018.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2018

13. On-Behalf Payments

Included in intergovernmental revenue and salary expense are supplemental salary payments to police officers, which were paid directly to them from the State of Louisiana. The payments to police officers were \$104,817 for the year ended June 30, 2018.

14. Restrictions of Fund Balances and Net Position

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

15. Municipal Securities Disclosure

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

16. Change in Accounting Principle

Net position as of June 30, 2017, has been restated as follows for the implementation of GASB Statement No. 75:

	General Fund	Low Income Housing Fund	Municipal Complex Debt Service Fund	Total Governmental	Water & Gas Fund	Sewer Fund	Total Business-type Activities	Entity-Wide
Net position at June 30, 2017, as originally stated	\$ 7,979,786	\$ 9,162	\$ (2,112,852)	\$ 5,876,096	\$ 1,373,592	\$ 2,287,021	\$ 3,660,613	\$ 9,536,709
Change in OPEB liability upon adoption of GASB 75	(457,450)			(457,450)	(148,631)	(61,897)	(210,528)	(667,978)
Fund balance/net position at June 30, 2017, as restated	\$ 7,522,336	\$ 9,162	\$ (2,112,852)	\$ 5,418,646	\$ 1,224,961	\$ 2,225,124	\$ 3,450,085	\$ 8,868,731

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2018

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ 887,000	\$ 887,000	\$ 886,675	\$ (325)
Licenses and permits	408,300	408,300	374,704	(33,596)
Intergovernmental	3,175,800	3,175,800	3,577,856	402,056
Charges for services	518,500	518,500	539,730	21,230
Fines and forfeitures	60,000	60,000	51,113	(8,887)
Investment earnings	35,000	35,000	52,783	17,783
Miscellaneous	35,000	35,000	30,473	(4,527)
Total revenues	<u>5,119,600</u>	<u>5,119,600</u>	<u>5,513,334</u>	<u>393,734</u>
Expenditures				
Current				
General government	776,369	796,026	716,571	79,455
Public safety	1,950,721	1,972,752	1,848,042	124,710
Roads and drainage	1,545,211	1,567,895	1,366,592	201,303
Depot welcome center	10,400	10,400	15,415	(5,015)
Sanitation	531,000	531,000	524,636	6,364
Health	35,500	35,500	34,800	700
Community development	195,848	197,137	164,040	33,097
Fleet maintenance	133,358	134,328	89,913	44,415
Capital outlay				
General government	17,500	117,500	182,233	(64,733)
Public safety	112,411	112,411	91,877	20,534
Roads and drainage	43,550	43,550	59,998	(16,448)
Total expenditures	<u>5,351,868</u>	<u>5,518,499</u>	<u>5,094,117</u>	<u>424,382</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(232,268)</u>	<u>(398,899)</u>	<u>419,217</u>	<u>818,116</u>
Other Financing Sources (Uses)				
Sales of general fixed assets	-	-	44,027	44,027
Operating transfers in	-	-	(235,633)	(235,633)
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(191,606)</u>	<u>(191,606)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (232,268)</u>	<u>\$ (398,899)</u>	<u>227,611</u>	<u>\$ 626,510</u>
Fund Balance				
Beginning			<u>7,811,015</u>	
Ending			<u>\$ 8,038,626</u>	

CITY OF PORT ALLEN, LOUISIANA

Schedule of Revenues and Other Financing

Year Ended June 30, 2018

Sources - Budget and Actual
General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Taxes				
Ad valorem	\$ 553,000	\$ 553,000	\$ 563,697	\$ 10,697
Franchise	334,000	334,000	322,978	(11,022)
Total taxes	887,000	887,000	886,675	(325)
Licenses and permits				
Business licenses and permits				
Professional and occupational	408,300	408,300	374,704	(33,596)
Total licenses and permits	408,300	408,300	374,704	(33,596)
Intergovernmental				
State shared revenues				
Alcoholic beverage tax	17,500	17,500	15,104	(2,396)
Video poker	28,000	28,000	17,145	(10,855)
Operating grant	5,300	5,300	106,835	101,535
On behalf payments	120,000	120,000	104,817	(15,183)
West Baton Rouge Parish shared revenues				
General sales and use tax	3,000,000	3,000,000	3,326,904	326,904
Subpoena reimbursements	5,000	5,000	7,051	2,051
Total intergovernmental	3,175,800	3,175,800	3,577,856	402,056
Charges for services				
Public safety - protective inspection fees	6,500	6,500	13,664	7,164
Sanitation - refuse collection charges	512,000	512,000	526,066	14,066
Total charges for services	518,500	518,500	539,730	21,230
Fines and forfeitures	60,000	60,000	51,113	(8,887)
Investment earnings	35,000	35,000	52,783	17,783
Miscellaneous	35,000	35,000	30,473	(4,527)
Total revenues	5,119,600	5,119,600	5,513,334	393,734
Other Financing Sources				
Sales of general fixed assets	-	-	44,027	44,027
Operating transfers in	-	-	(235,633)	(235,633)
Operating transfers out	-	-	-	-
Total other financing sources	-	-	(191,606)	(191,606)
Total revenues and other financing sources	\$ 5,119,600	\$ 5,119,600	\$ 5,321,728	\$ 202,128

CITY OF PORT ALLEN, LOUISIANA

Schedule of Expenditures and Other Financing

Year Ended June 30, 2018

Uses - Budget and Actual

General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Current				
General government				
Legislative				
Personal services	\$ 38,858	\$ 38,858	\$ 38,484	\$ 374
Judicial				
Personal services	109,257	109,257	107,834	1,423
Other services and charges	12,385	12,385	12,899	(514)
Executive				
Personal services	56,056	56,056	55,921	135
Administrative				
Personal services	268,313	282,470	252,840	29,630
Supplies	13,200	13,200	6,378	6,822
Other services and charges	278,300	283,800	242,215	41,585
Total general government	776,369	796,026	716,571	79,455
Public safety				
Police				
Personal services	1,578,142	1,599,399	1,501,234	98,165
Supplies	100,200	100,200	80,032	20,168
Other services and charges	218,500	218,500	214,377	4,123
Protective inspection				
Other services and charges	53,879	54,653	52,399	2,254
Total public safety	1,950,721	1,972,752	1,848,042	124,710
Roads and drainage				
Personal services	633,511	656,195	607,640	48,555
Supplies	168,500	168,500	88,453	80,047
Other services and charges	743,200	743,200	670,499	72,701
Total roads and drainage	1,545,211	1,567,895	1,366,592	201,303

CITY OF PORT ALLEN, LOUISIANA

Schedule of Expenditures and Other Financing

Year Ended June 30, 2018

Uses - Budget and Actual

General Fund, Continued

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Depot Welcome Center				
Supplies	\$ 2,100	\$ 2,100	\$ -	\$ 2,100
Other services and charges	8,300	8,300	15,415	(7,115)
Total depot welcome center	10,400	10,400	15,415	(5,015)
Sanitation				
Other services and charges	531,000	531,000	524,636	6,364
Animal control				
Other services and charges	35,500	35,500	34,800	700
Community development				
Personal services	72,348	73,637	65,574	8,063
Other services and charges	123,500	123,500	98,466	25,034
Total community development	195,848	197,137	164,040	33,097
Fleet maintenance				
Personal services	123,558	124,528	76,157	48,371
Supplies	4,450	4,450	5,898	(1,448)
Other services and charges	5,350	5,350	7,858	(2,508)
Total fleet maintenance	133,358	134,328	89,913	44,415
Total current expenditures	5,178,407	5,245,038	4,760,009	485,029
Capital Outlay				
General government	17,500	117,500	182,233	(64,733)
Police	112,411	112,411	91,877	20,534
Roads and drainage	43,550	43,550	59,998	(16,448)
Total capital outlay expenditures	173,461	273,461	334,108	(60,647)
Total Expenditures	\$ 5,351,868	\$ 5,518,499	\$ 5,094,117	\$ 424,382

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2018

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 552,000	\$ 552,000	\$ 588,872	\$ 36,872
Investment earnings	-	-	18	18
Total revenues	<u>552,000</u>	<u>552,000</u>	<u>588,890</u>	<u>36,890</u>
Expenditures				
Current				
Housing assistance payments	558,000	558,000	564,940	(6,940)
Total expenditures	<u>558,000</u>	<u>558,000</u>	<u>564,940</u>	<u>(6,940)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,000)</u>	<u>(6,000)</u>	<u>23,950</u>	<u>29,950</u>
Other Financing Sources (Uses)				
Operating transfers out	-	-	(4,630)	(4,630)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,630)</u>	<u>(4,630)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	<u>19,320</u>	<u>\$ 25,320</u>
Fund Balance				
Beginning			<u>9,162</u>	
Ending			<u>\$ 28,482</u>	

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2018

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,075	\$ 1,075
Total revenues	-	-	1,075	1,075
Expenditures				
Debt service				
Principal	155,000	155,000	150,000	5,000
Interest and other charges	88,575	88,575	85,575	3,000
Total expenditures	243,575	243,575	235,575	8,000
Excess (Deficiency) of Revenues Over Expenditures	(243,575)	(243,575)	(234,500)	9,075
Other Financing Sources (Uses)				
Operating transfers in	243,575	243,575	240,262	(3,313)
Total other financing sources (uses)	243,575	243,575	240,262	(3,313)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	5,762	\$ 5,762
Fund Balance				
Beginning			272,149	
Ending			\$ 277,911	

CITY OF PORT ALLEN, LOUISIANA

Schedule of Changes in Net OPEB Liability and Related Ratios**Year Ended June 30, 2018**

Total OPEB Liability	
Service cost	\$ 32,288
Interest	49,170
Changes of benefit terms	-
Differences between expected and actual experience	753
Changes of assumptions	(52,794)
Benefit payments	<u>(50,578)</u>
Net Change in total OPEB liability	(21,161)
Total OPEB liability - beginning	<u>1,341,169</u>
Total OPEB liability - ending	<u>\$ 1,320,008</u>
Covered-employee payroll	\$ 2,478,512
Net OPEB liability as a percentage of covered-employee payroll	53.26%

Notes to Schedule:

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

Changes of Assumptions. The discount rate of 3.58% as of June 30, 2017 was changed to 3.87% as of June 30, 2018.

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

CITY OF PORT ALLEN, LOUISIANA*Schedule of Employer's Proportionate Share of the Net Pension Contributions**Year Ended June 30, 2018*

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered-Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>MERS:</u>					
2018	0.8436%	\$ 3,529,114	\$ 1,522,191	231.84%	62.49%
2017	0.7310%	\$ 3,216,663	\$ 1,389,278	231.53%	63.34%
2016	0.8579%	\$ 3,064,467	\$ 1,445,919	211.94%	66.18%
2015	0.8872%	\$ 2,277,039	\$ 1,358,443	167.62%	73.99%
2014	0.8452%	\$ 2,619,595	\$ 1,385,941	189.01%	76.94%
<u>MPERS:</u>					
2018	0.3119%	\$ 2,723,255	\$ 942,977	288.79%	70.08%
2017	0.3303%	\$ 3,095,551	\$ 925,154	334.60%	66.04%
2016	0.3203%	\$ 2,508,989	\$ 856,704	292.87%	70.73%
2015	0.3122%	\$ 1,953,311	\$ 783,023	249.46%	75.10%
2014	0.2527%	\$ 2,018,469	\$ 730,526	276.30%	66.71%
<u>LASERS:</u>					
2018	0.0000%	\$ -	\$ -	0.00%	63.70%
2017	0.0000%	\$ -	\$ 19,846	0.00%	62.61%
2016	0.0015%	\$ 104,607	\$ 28,508	366.94%	62.66%
2015	0.0016%	\$ 99,108	\$ 28,506	347.66%	65.02%
2014	0.0016%	\$ 116,700	\$ 26,316	443.46%	58.64%

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

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

CITY OF PORT ALLEN, LOUISIANA

Schedule of Employer's Pension Contributions

Year Ended June 30, 2018

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered' Employee Payroll
<u>MERS:</u>					
2018	\$ 370,294	\$ 370,294	\$ -	\$ 1,496,137	24.75%
2017	\$ 346,299	\$ 346,299	\$ -	\$ 1,522,191	22.75%
2016	\$ 274,382	\$ 274,382	\$ -	\$ 1,389,278	19.75%
2015	\$ 285,569	\$ 285,569	\$ -	\$ 1,445,919	19.75%
2014	\$ 254,708	\$ 254,708	\$ -	\$ 1,358,443	18.75%
2013	\$ 235,610	\$ 235,610	\$ -	\$ 1,385,941	17.00%
2012	\$ 246,530	\$ 246,530	\$ -	\$ 1,471,821	16.75%
2011	\$ 216,866	\$ 216,866	\$ -	\$ 1,521,866	14.25%
2010	\$ 189,386	\$ 189,386	\$ -	\$ 1,402,859	13.50%
2009	\$ 188,586	\$ 188,586	\$ -	\$ 1,396,933	13.50%
<u>MPERS:</u>					
2018	\$ 286,133	\$ 286,133	\$ -	\$ 901,206	31.75%
2017	\$ 299,395	\$ 299,395	\$ -	\$ 942,977	31.75%
2016	\$ 272,921	\$ 272,921	\$ -	\$ 925,154	29.50%
2015	\$ 269,862	\$ 269,862	\$ -	\$ 856,704	31.50%
2014	\$ 242,737	\$ 242,737	\$ -	\$ 783,023	31.00%
2013	\$ 226,463	\$ 226,463	\$ -	\$ 730,526	31.00%
2012	\$ 206,164	\$ 206,164	\$ -	\$ 687,213	30.00%
2011	\$ 211,555	\$ 211,555	\$ -	\$ 846,220	25.00%
2010	\$ 87,940	\$ 87,940	\$ -	\$ 799,455	11.00%
2009	\$ 72,135	\$ 72,135	\$ -	\$ 759,316	9.50%
<u>LASERS:</u>					
2018	\$ -	\$ -	\$ -	\$ -	40.10%
2017	\$ -	\$ -	\$ -	\$ -	38.10%
2016	\$ 7,561	\$ 7,561	\$ -	\$ 19,846	38.10%
2015	\$ 11,831	\$ 11,831	\$ -	\$ 28,508	41.50%
2014	\$ 10,348	\$ 10,348	\$ -	\$ 28,506	36.30%
2013	\$ 9,158	\$ 9,158	\$ -	\$ 26,316	34.80%
2012	\$ 8,368	\$ 8,368	\$ -	\$ 26,314	31.80%
2011	\$ 6,271	\$ 6,271	\$ -	\$ 28,504	22.00%
2010	\$ 9,219	\$ 9,219	\$ -	\$ 49,565	18.60%
2009	\$ 8,837	\$ 8,837	\$ -	\$ 47,768	18.50%

CITY OF PORT ALLEN, LOUISIANA

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

For the Year Ended June 30, 2018

LASERS, MERS, MPERS

Changes of Benefit Terms or Assumptions

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

Other Changes in Assumptions

There were changes in assumptions related to inflation, salary increases, discount rate, mortality and disability rates and other actuarial assumptions, however none of those changes affected benefit terms or assumptions for the year ended June 30, 2018.

CITY OF PORT ALLEN, LOUISIANA

Other Supplementary Information

June 30, 2018

CITY OF PORT ALLEN, LOUISIANA

Schedule of Compensation Paid to City Council

Year Ended June 30, 2018

Council Member

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

CITY OF PORT ALLEN, LOUISIANA

Schedule of Compensation Paid to Mayor

Year Ended June 30, 2018

Agency Head Name: Mayor Richard Lee

Purpose

Salary	\$	84,960
Benefits - retirement		21,028
Car allowance		4,800
Registration fees		266
Other		173
Conference housing		1,059
Special Meals (Mayors meetings)		139
	\$	<u>112,425</u>

CITY OF PORT ALLEN, LOUISIANA

Schedule of Insurance in Force

Year Ended June 30, 2018

Western Surety Co	Fidelity Bond - Mayor - R. Lee	\$50,000 employee faithful performance bond	7/1/17-7/1/18
Western Surety Co	Fidelity Bond - Ray Helen Lawrence	\$50,000 employee faithful performance bond	1/31/17-1/31/21
Western Surety Co	Fidelity Bond - Finance Director - A. McCain	\$50,000 employee faithful performance bond	7/1/17-7/1/18
Western Surety Co	Fidelity Bond - Chief Admn Officer - A. Genre	\$50,000 employee faithful performance bond	7/1/17-7/1/18
Western Surety Co	Fidelity Bond - Police Chief - E. Brown	\$50,000 employee faithful performance bond	1/31/17-1/31/21
Louisiana Municipal Risk Management Agency	Workers Compensation	Statutory	7/1/17-6/30/2018
Lloyds/Lane & Associates	Auto physical damage	ACV with a \$250 comprehensive deductible and a \$500 collision deductible	7/1/17-6/30/2018
EMC Insurance Co	Business Protection - Inland Marine	\$256,000 maximum w/ \$1,000 deductible	7/1/17-6/30/2018
EMC Insurance Co	Business Protection - Property	DPW buildings \$282,600; contents \$78,400; WWTP buildings \$47,200, contents \$18,000; Water Well buildings \$61,200; Depot building, \$82,700, walkway \$50,000; City Court contents \$5,000; City Hall building \$2,500,000, contents \$90,000; 90% co-insurance. \$1,000 deductible per occurrence on all covered losses except 5% on windstorm or hail.	7/1/17-6/30/2018
Louisiana Municipal Risk Management Agency	Auto & Commercial General liability, Errors and Omissions, Law Enforcement Officer	All risks \$500,000 Combined Single Limit	7/1/17-6/30/2018

CITY OF PORT ALLEN, LOUISIANA***Schedule of Statistical Data******Year Ended June 30, 2018***

Number of sewer customers for the year ended June 30, 2018	2,236
User fee in effect at June 30, 2018:	
First 3,000 gallons of water used	20.40
Every 1,000 gallons of water in excess of 3,000 gallons	2.61
Total sewer revenue	\$ 836,319
Average monthly bill per user	31.17

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Port Allen, Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Port Allen, Louisiana's basic financial statements, and have issued our report thereon dated December 13, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Responses* we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiency described in the accompanying *Schedule of Findings and Responses* to be material weaknesses (2018-001).

Compliance and Other Matters

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

City of Port Allen's Response to Findings

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

Purpose of this Report

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

PROVOST, SALTER, HARPER & ALFORD, LLC



December 13, 2018

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements.

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

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses, Continued

Year Ended June 30, 2018

Section II – Financial Statement Findings

Internal Control Findings

Item 2018-001 Bank Account Reconciliations

Criteria. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Condition. We noted that many old outstanding checks and other uncleared reconciling items, some dating back to 2009, are being carried on monthly cash reconciliations.

Effect. Additional time is spent by personnel to reconcile the bank accounts each month with a high likelihood of errors.

Cause. Outstanding checks and uncleared reconciling items are not being investigated and removed from the bank reconciliation.

Recommendation. Management should research outstanding checks and uncleared reconciling items, remove them from the bank reconciliation and reverse the original transaction.

Management's Response. Management has investigated all of the outstanding items and will clear them from the reconciliation and will periodically evaluate outstanding checks and uncleared reconciling items to eliminate old items from being carried from month to month.

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

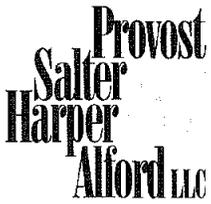
RefNo.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding RefNo.
2017-001	2017	Monthly Account Reconciliations	Resolved	N/A
2017-002	2017	Journal Entry Approval	Resolved	N/A
2017-003	2017	Security for Deposits	Resolved	N/A

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

City of Port Allen

June 30, 2018





Certified
Public
Accountants

Business
Advisors

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by City of Port Allen and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

CITY OF PORT ALLEN

Summary of Findings and Exceptions

June 30, 2018

Written Policies and Procedures

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

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings:

No exceptions noted.

Board

Procedure 2: Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

Bank Reconciliations

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

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

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

Findings:

None of the 5 reconciliations selected for testing included evidence that they were prepared within 2 months of the related closing date.

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

Findings:

No exceptions noted.

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

Findings:

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

Collections

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

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

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

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

Findings:

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

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

Findings:

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

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

Findings:

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

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

Findings:

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

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

Findings:

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

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

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

Findings:

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

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

Findings:

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

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

Findings:

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

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

Findings:

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

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

Findings:

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

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

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

The City of Port Allen only processes payments at City Hall in Port Allen.

Procedure 9: For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Findings:

No exceptions noted.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

We obtained a listing of 1,421 non-payroll disbursements totaling \$4,796,675. We selected 5 disbursements totaling \$14,615 for testing.

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

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

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

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

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

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

Findings:

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

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

Findings:

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

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

Findings:

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

Travel and Expense Reimbursement

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

We obtained a list of all reimbursements for travel and related expenses from the general ledger totaling \$6,504.

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

Findings:

No exception noted.

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

Findings:

No exception noted.

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

Findings:

No exception noted.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

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

Findings:

No exception noted.

Contracts

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

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

Findings:

No exception noted.

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

Findings:

No exception noted.

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

Findings:

No exception noted.

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

Findings:

No exception noted.

Payroll and Personnel

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

Findings:

No exception noted.

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

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

Findings:

No exception noted.

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

Findings:

No exception noted.

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

Findings:

No exception noted.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

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

Findings:

No exception noted.

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

Findings:

No exception noted.

Ethics

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

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

Findings:

Two employees selected for testing did not have documentation of ethics training during the fiscal period.

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

Findings:

One employee selected for testing did not have documentation that he or she had attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

Debt Service

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

Findings:

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

Procedure 22: Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings:

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

Other

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

Findings:

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

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

Findings:

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

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2018

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

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

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, LA
December 13, 2018

December 12, 2018

MANAGEMENT'S RESPONSE TO AUP FINDINGS FOR FISCAL YEAR 2017-2018

Procedure 3:

All of the tested client bank accounts were balanced timely. After the bank reconciliation was done, the Chief Financial Officer initialed that the month had been balanced, but did not put a date when it had been performed. Generally, the CFO balances the bank statements within 15-30 days of the end of each month. Going forward, the CFO will initial and date the bank statement documents to indicate the actual completion of the reconciliations.

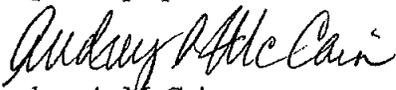
Procedure 3:

Corrections for very old outstanding items have been made during fiscal year 2017-2018. Going forward, the City will implement a process to search for and locate outstanding items that have not cleared within ninety (90) days of issuance to determine whether they need to be voided and re-issued or turned over to the State's Unclaimed Property Division.

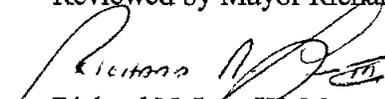
Procedure 20:

Prior to the end of the fiscal year, the Human Resources Director sent notice on multiple occasions to department supervisors to have all of their employees complete the required ethics training online. Most of them complied. However, one individual in the Roads and Drainage Department and one individual in the Police Department failed to do the training. The individual in our Roads and Drainage Department has indicated that he will complete the training prior to the end of this year, 2018. The Police Department employee no longer works for the City. Therefore, we are unable to secure the documentation requested.

Responses prepared and submitted by the Chief Financial Officer.


Audrey A. McCain

Reviewed by Mayor Richard N. Lee, III


Richard N. Lee, III, Mayor
City of Port Allen

An Equal Opportunity Employer