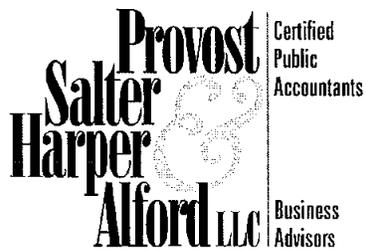


**CITY OF PORT ALLEN,
LOUISIANA**

FINANCIAL REPORT

June 30, 2017



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CITY OF PORT ALLEN, LOUISIANA

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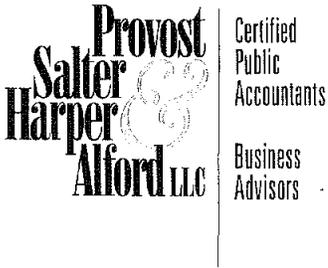
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund, of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17 and budgetary comparison information, the funding progress for other postemployment benefits, 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 supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017 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 11, 2017
Baton Rouge, Louisiana

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2017

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, 2017. 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 2017 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 \$9,536,709 (net position). Of this amount, \$1,102,445 (unrestricted net position) may be used to meet the government's current obligations to citizens and creditors.
- The total net position of the City of Port Allen decreased by \$241,862 for the year ended June 30, 2017. Net position of governmental activities decreased by \$29,822 and net position of business-type activities decreased by \$212,040.
- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported combined ending fund balance of \$8,092,326, an increase of \$74,680 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately \$7.8 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 \$5,306,025 or 100.2% of total General Fund expenditures.
- During the fiscal year, the City's long term debt increased by \$494,331 due to (1) payment of \$91,000 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 \$21,786 in the estimated long term compensated absences, (4) an overall increase of \$79,392, in the estimated liability for post-employment benefit obligations and (5) an overall increase of \$634,153 in the estimated liability for net pension liabilities.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2017

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, 2017

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, 2017

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, 2017

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 \$9,536,709 at the close of the most recent fiscal year.

A large portion of the City of Port Allen's net position (49.7 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 8,195,252	\$ 8,725,348	\$ 2,058,969	\$ 2,338,405	\$ 10,254,221	\$ 11,063,753
Restricted assets	317,187	318,887	397,042	394,269	714,229	713,156
Capital assets	4,125,676	4,179,886	7,443,887	4,292,139	11,569,563	8,472,025
Deferred outflows	1,755,599	1,251,780	571,022	444,956	2,326,621	1,696,736
Total assets	14,393,714	14,475,901	10,470,920	7,469,769	24,864,634	21,945,670
Current and other liabilities	570,113	1,176,590	406,426	336,621	976,539	1,513,211
Long-term liabilities	7,687,605	7,215,681	3,196,961	3,175,554	10,884,566	10,391,235
Deferred inflows	259,900	177,712	3,206,920	84,940	3,466,820	262,652
Total liabilities	8,517,618	8,569,983	6,810,307	3,597,115	15,327,925	12,167,098
Net position:						
Invested in capital assets, net of related debt	1,740,676	1,644,886	3,007,287	2,834,139	4,747,963	4,479,025
Restricted	2,786,301	2,801,952	900,000	900,000	3,686,301	3,701,952
Unrestricted	1,349,119	1,459,080	(246,674)	138,515	1,102,445	1,597,595
Total net position	\$ 5,876,096	\$ 5,905,918	\$ 3,660,613	\$ 3,872,654	\$ 9,536,709	\$ 9,778,572

The balance of unrestricted net position of \$1,102,445 is used to meet the City of Port Allen's ongoing obligations to citizens and creditors.

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.

City of Port Allen, Louisiana
Management's Discussion and Analysis

June 30, 2017

The City of Port Allen's net position decreased by \$241,862 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenues:						
Charges for services	\$ 512,570	\$ 532,154	\$ 2,351,630	\$ 2,364,165	\$ 2,864,200	\$ 2,896,319
Grants and contributions	593,410	501,141	-	28,000	593,410	529,141
General revenues:						
Property taxes	558,166	593,210	-	-	558,166	593,210
Franchise taxes	331,294	332,836	-	-	331,294	332,836
Business licenses	417,002	409,561	-	-	417,002	409,561
Intergovernmental revenues	3,641,256	3,735,261	-	-	3,641,256	3,735,261
Investment earnings	16,481	41,577	1,089	571	17,570	42,148
Other	111,971	82,713	16,972	16,566	128,943	99,279
Total revenues	6,182,150	6,228,453	2,369,691	2,409,302	8,551,841	8,637,755
Expenses						
General Government	1,010,840	1,078,874	-	-	1,010,840	1,078,874
Public Safety	2,034,825	1,821,150	-	-	2,034,825	1,821,150
Roads and Drainage	1,525,529	1,488,484	-	-	1,525,529	1,488,484
Depot Welcoming Center	9,601	12,651	-	-	9,601	12,651
Sanitation	505,803	566,797	-	-	505,803	566,797
Animal Control	35,205	35,102	-	-	35,205	35,102
Welfare	574,028	496,919	-	-	574,028	496,919
Community Development	288,475	110,679	-	-	288,475	110,679
Fleet Maintenance	137,591	133,489	-	-	137,591	133,489
Debt Service	90,075	93,825	-	-	90,075	93,825
Water, Sewage and Gas	-	-	2,581,731	2,362,113	2,581,731	2,362,113
Total expenses	6,211,972	5,837,970	2,581,731	2,362,113	8,793,703	8,200,083
Increase (decrease) before transfers	(29,822)	390,483	(212,040)	47,189	(241,862)	437,672
Transfers in (out)	-	-	-	-	-	-
Net increase (decrease)	(29,822)	390,483	(212,040)	47,189	(241,862)	437,672
Net position - beginning	5,905,918	5,515,435	3,872,653	3,825,465	9,778,571	9,340,900
Net position at end of year	\$ 5,876,096	\$ 5,905,918	\$ 3,660,613	\$ 3,872,654	\$ 9,536,709	\$ 9,778,572

City of Port Allen, Louisiana
Management's Discussion and Analysis
June 30, 2017

Governmental Activities

Revenues for the City of Port Allen's governmental activities for the year ended June 30, 2017 were \$6,182,150 compared to \$6,288,453 in the year ended June 30, 2016.

- General fund sales taxes decreased by \$72,301. Sales taxes are 55.5% of total revenues.

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 \$2,351,630, a decrease of \$12,535, mainly as a result of decreased sales of natural gas.
- The City's business-type activities resulted in a total operating loss of \$199,734.
- The water fund operating income decreased by \$262,559 as a result of increased personnel, contractual costs and materials, while sewer operating income increased by \$2,142 primarily due to an increase in revenue.

City of Port Allen, Louisiana

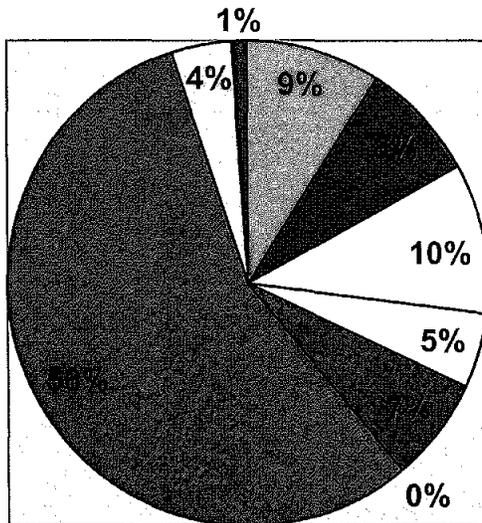
Management's Discussion and Analysis

June 30, 2017

Total Governmental Activities Revenues

	<u>Amount</u>	<u>Percentage</u>
Charges for services	\$ 512,570	8%
Grants and contributions	593,410	10%
Property taxes	558,166	9%
Franchise taxes	331,294	5%
Business licenses	417,002	7%
Investment earnings	16,481	0%
Intergovernmental:		
Sales taxes	3,423,886	55%
Other	217,370	4%
Other	111,971	2%
Total governmental activities revenues	<u>\$ 6,182,150</u>	<u>100%</u>

Revenues



- Charges for services
- Grants & Contributions
- Property Taxes
- Franchise taxes
- Business licenses
- Investment Earnings
- Intergovernmental - Sales Tax
- Intergovernmental - Other
- Other

City of Port Allen, Louisiana
Management's Discussion and Analysis

June 30, 2017

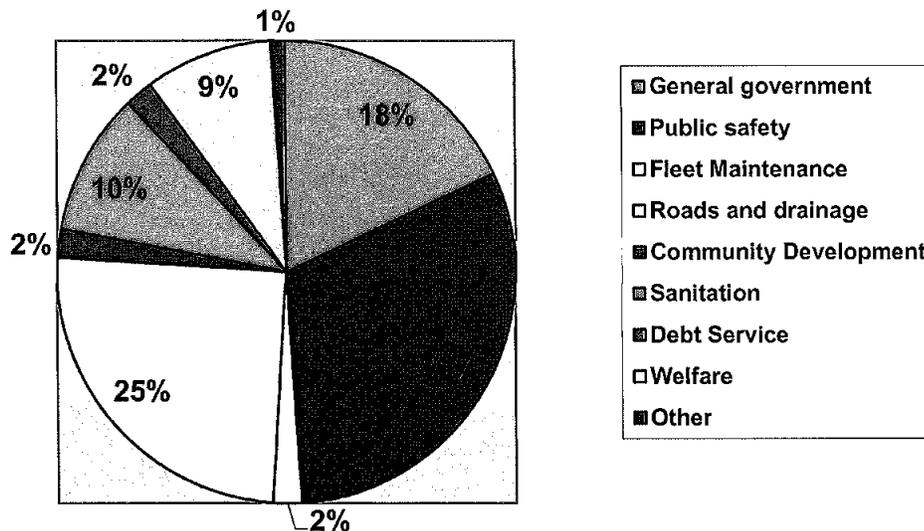
Total Governmental Activities Expenditures

The cost of all governmental activities this year was \$6,211,972, an increase of \$374,003. Key factors for the increase were: (1) \$68,034 decrease in general government, (2) \$213,675 increase in public safety, (3) \$37,045 increase in roads and drainage, (4) \$60,994 decrease in sanitation, (5) \$77,109 increase in welfare and (6) \$177,796 increase in community development expenses.

	<u>Amount</u>	<u>Percentage</u>
General government	\$ 1,010,840	16%
Public safety	2,034,825	33%
Fleet Maintenance	137,591	2%
Roads and drainage	1,525,529	25%
Community Development	288,475	5%
Sanitation	505,803	8%
Debt Service	90,075	1%
Welfare	574,028	9%
Other	44,806	1%
Total governmental activities expenditures	<u>\$ 6,211,972</u>	<u>100%</u>

The City of Port Allen's largest governmental activity is public safety. The graph below shows the expenses generated by all governmental activities:

Expenditures



City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2017

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 \$8,092,326, an increase of \$74,680 in comparison with the prior fiscal year. Of this amount, \$5,306,025 or 65.5% was unassigned and available for spending. \$2,786,301 or 34.5% was non-spendable, restricted or committed to indicate that it is not available for new spending.
- 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 \$5,306,025. 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 \$83,981.
- 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 \$9,162 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 \$272,149, all of which is restricted for debt service.

Proprietary Funds

The Water & Gas Fund and the Sewer Fund net position decreased by \$212,040. The prior year increase was \$47,189.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2017

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 8, 2016. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- General Fund revenues were \$248,981 (4.7%) higher than revised and \$454,581 (8.8%) higher original budget estimates. Sales tax revenue was the largest contributor to those favorable budget variances.

Expenditures

- Total expenditures were \$255,140 (4.6%) lower than the revised budget estimate, primarily due to lower expenditures for roads and drainage than was expected.

New Accounting Pronouncements

The City was not required to adopt any new GASB Standards in the preparation of this Annual Financial Report.

The following GASB statements were effective but did not impact the financial statements of the City of Port Allen: GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans; GASB Statement No. 76, Hierarchy of Generally Accepted Accounting Principles for State and Local Governments; GASB Statement No. 77, Tax Abatement Disclosures; GASB Statement No. 78, Pensions Provided Through Certain Defined Benefit Pensions; GASB Statement No. 80, Blending Requirements for Certain Component Units and GASB Statement No. 82, Pension Issues.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2017

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$11,569,563 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and structures, furniture and fixtures, equipment and vehicles, the sewer system and wastewater treatment plant, and the water and gas systems. Due to its size, the City of Port Allen is not required to report infrastructure assets acquired before June 30, 2001. However, the City will continue to report new infrastructure assets in the year acquired.

Additional information on the City's capital assets can be found in Note 5 of this financial report.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and Land improvements	\$ 686,051	\$ 686,051	\$ 22,237	\$ 22,237	\$ 708,288	\$ 708,288
Buildings and structures	3,001,661	3,043,362	135,205	144,271	3,136,866	3,187,633
Furniture and Fixtures	63,824	71,521	7,649	3,754	71,473	75,275
Equipment and vehicles	374,140	378,952	69,597	97,434	443,737	476,386
Wastewater treatment plant	-	-	1,589,200	1,637,388	1,589,200	1,637,388
Water System	-	-	1,155,504	1,076,270	1,155,504	1,076,270
Gas System	-	-	3,239,238	154,472	3,239,238	154,472
Sewer System	-	-	1,225,257	1,156,313	1,225,257	1,156,313
Total	\$ 4,125,676	\$ 4,179,886	\$ 7,443,887	\$ 4,292,139	\$ 11,569,563	\$ 8,472,025

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

- The purchase of 4 new police vehicles and accessories for \$133,204.
- The purchase of other equipment for police officers for \$10,944.
- The purchase of new equipment for the utility department for \$11,484.
- Waterproofing, carpeting and office equipment for City Hall for \$77,173.
- Acquisition of a new 6,000 foot 8" gas line through a public-private partnership agreement with three industrial customers for \$3,069,600.
- Additions to the water system for \$124,510 and additions to the gas system for \$108,474.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2017

Long Term Debt

At the end of the current fiscal year, the City of Port Allen had total debt outstanding of \$11,126,567. Of this amount, \$2,385,000 comprises debt backed by the full faith and credit of the government, \$1,367,000 represents debt secured by specified revenue sources, \$389,161 represents the City's estimated liability for compensated absences, \$673,191 represents the City's estimated liability for other postemployment benefits and \$6,312,215 is the City's net pension liability. The following table summarizes debt outstanding at June 30, 2017.

Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue Bonds Payable	\$ 2,385,000	\$ 2,535,000	\$ 1,367,000	\$ 1,458,000	\$ 3,752,000	\$ 3,993,000
Compensated Absences	208,823	202,363	180,338	165,012	389,161	367,375
Other Post Employment Benefit Obligations	503,988	453,784	169,203	140,015	673,191	593,799
Net Pension Liability	4,739,795	4,174,535	1,572,420	1,503,527	6,312,215	5,678,062
Total Long Term Debt	\$ 7,837,606	\$ 7,365,682	\$ 3,288,961	\$ 3,266,554	\$ 11,126,567	\$ 10,632,236

During the fiscal year, the City's long term debt increased by \$494,331 due to (1) repayment of \$91,000 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 \$21,786 in the estimated long term compensated absences (4) an overall increase of \$79,392 in the estimated liability for post-employment benefit obligations and (5) an overall increase of \$634,153 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, 2017

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:

In fiscal year 2017-2018, the City of Port Allen is projecting a deficit in its General Fund. This due to the necessity of replacing aging public works equipment and the final phase of the City's Road Improvement Program and is not due to excess operations expenditures. The projected deficit in the Water and Gas Fund is primarily due to the extensive capital purchases to replace aging equipment. The City has projected sales tax revenues at the same level as last fiscal year even though actual tax collections for the previous year were above expectations and there is reason to believe the same will occur in the current fiscal year as well. There were no significant increases in salaries for City employees. However, the cost of MERS, MPRES, and health insurance rates have increased again this year.

Even though anticipated increases in gas usage and consumption by the three new commercial utility customers are likely to increase significantly the amount of usage fees collected in the Water and Gas Fund, those figures are not included in the anticipated revenue for this fund. When those revenues begin flowing at a regular pace, it should drastically improve any projected deficit in this fund for FY 2017-2018.

The Sewer Fund for fiscal 2016-2017 surpassed projected revenues even though there was no significant increase in service fees. Unfortunately, the City is expecting to spend a significant amount of capital replacing and upgrading the aging sewer system while the City administration attempts to secure funding for the construction of a new sewer facility.

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, 2017

	Primary Government			Component unit
	Government activities	Business-type activities	Total	
Assets				
Cash and cash equivalents	\$ 6,750,129	\$ 1,975,120	\$ 8,725,249	\$ 467,479
Investments	713,289	-	713,289	189,090
Receivables, net	224,023	237,471	461,494	-
Internal balances	154,431	(154,431)	-	18,393
Due from other governments	351,390	-	351,390	-
Prepaid items and other assets	1,990	809	2,799	-
Restricted assets:				
Cash and cash equivalents	317,187	397,042	714,229	-
Capital assets:				
Land	686,051	22,237	708,288	-
Other capital assets, net of depreciation	3,439,625	7,421,650	10,861,275	105,769
Total assets	12,638,115	9,899,898	22,538,013	780,731
Deferred Outflow of Resources	1,755,599	571,022	2,326,621	-
Total assets and deferred outflows of resources	14,393,714	10,470,920	24,864,634	780,731
Liabilities				
Current liabilities:				
Accounts payable	258,409	131,307	389,716	34,516
Deposits and deferred charges	-	179,872	179,872	-
Funds held in trust	4,550	-	4,550	-
Accrued interest payable	45,038	3,247	48,285	-
Accrued wages and other	112,115	-	112,115	72,000
Bonds payable, due within one year	150,000	92,000	242,000	-
Noncurrent liabilities:				
Compensated absences	208,823	180,338	389,161	-
OPEB obligations	503,988	169,203	673,191	-
Bonds payable, due in more than one year	2,235,000	1,275,000	3,510,000	-
Net pension liability	4,739,795	1,572,420	6,312,215	-
Total liabilities	8,257,718	3,603,387	11,861,105	106,516
Deferred Inflow of Resources	259,900	3,206,920	3,466,820	86,213
Total liabilities and deferred inflows of resources	8,517,618	6,810,307	15,327,925	192,729
Net Position				
Invested in capital assets, net of related debt	1,740,676	3,007,287	4,747,963	33,769
Restricted for:				
Prepaid expenses	1,990	-	1,990	-
Public safety	3,000	-	3,000	-
Welfare	9,162	-	9,162	-
Debt service	272,149	-	272,149	-
Ordinance No. 1 of 2006	2,500,000	900,000	3,400,000	-
Unrestricted	1,349,119	(246,674)	1,102,445	554,233
Total net position	\$ 5,876,096	\$ 3,660,613	\$ 9,536,709	\$ 588,002

CITY OF PORT ALLEN, LOUISIANA

Statement of Activities

Year Ended June 30, 2017

	Program Revenues			Net (expenses) revenue and change in net position			Component units
	Expenses	Charges for services	Operating grants and contributions	Governmental activities	Primary Government Business-type activities	Total	
Functions/programs							
Primary government:							
Governmental activities:							
General government	\$ 1,010,840	\$ -	\$ -	\$ (1,010,840)	\$ -	\$ (1,010,840)	\$ -
Public safety	2,034,825	5,368	-	(2,029,457)	-	(2,029,457)	-
Roads and drainage	1,525,529	-	25,000	(1,500,529)	-	(1,500,529)	-
Depot welcoming center	9,601	-	-	(9,601)	-	(9,601)	-
Sanitation	505,803	507,202	-	1,399	-	1,399	-
Animal control	35,205	-	-	(35,205)	-	(35,205)	-
Welfare	574,028	-	568,410	(5,618)	-	(5,618)	-
Community development	288,475	-	-	(288,475)	-	(288,475)	-
Fleet maintenance	137,591	-	-	(137,591)	-	(137,591)	-
Debt service	90,075	-	-	(90,075)	-	(90,075)	-
Total governmental activities	<u>6,211,972</u>	<u>512,570</u>	<u>593,410</u>	<u>(5,105,992)</u>	<u>-</u>	<u>(5,105,992)</u>	<u>-</u>
Business-type activities							
Water and Gas	1,817,941	1,457,544	-	-	(360,397)	(360,397)	-
Sewer	763,790	894,086	-	-	130,296	130,296	-
Total business-type activities	<u>2,581,731</u>	<u>2,351,630</u>	<u>-</u>	<u>-</u>	<u>(230,101)</u>	<u>(230,101)</u>	<u>-</u>
Total primary government	<u>\$ 8,793,703</u>	<u>\$ 2,864,200</u>	<u>\$ 593,410</u>	<u>(5,105,992)</u>	<u>(230,101)</u>	<u>(5,336,093)</u>	<u>-</u>
Component units:							
City Court	<u>\$ 337,791</u>	<u>\$ 366,314</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,523</u>
General revenues:							
Property taxes				558,166	-	558,166	-
Franchise taxes				331,294	-	331,294	-
Business licenses				417,002	-	417,002	-
Intergovernmental revenue							
Sales and use taxes				3,423,886	-	3,423,886	-
Other taxes				49,522	-	49,522	-
Other income				167,848	-	167,848	-
Investment earnings				16,481	1,089	17,570	3,260
Gain (loss) on sale of assets				20,790	-	20,790	-
Miscellaneous				91,181	16,972	108,153	-
Transfers				-	-	-	-
Total general revenues and transfers				<u>5,076,170</u>	<u>18,061</u>	<u>5,094,231</u>	<u>31,783</u>
Change in net position				<u>(29,822)</u>	<u>(212,040)</u>	<u>(241,862)</u>	<u>31,783</u>
Net position - beginning				5,905,918	3,872,653	9,778,571	556,219
Net position - ending				<u>\$ 5,876,096</u>	<u>\$ 3,660,613</u>	<u>\$ 9,536,709</u>	<u>\$ 588,002</u>

CITY OF PORT ALLEN, LOUISIANA

Balance Sheet, Governmental Funds

June 30, 2017

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,741,547	\$ 8,582	\$ 317,187	\$ 7,067,316
Investments	713,289	-	-	713,289
Receivables, net	224,023	-	-	224,023
Due from other funds	154,431	580	-	155,011
Due from other governments	351,390	-	-	351,390
Prepaid items and other assets	1,990	-	-	1,990
Restricted cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 8,186,670</u>	<u>\$ 9,162</u>	<u>\$ 317,187</u>	<u>\$ 8,513,019</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 258,410	\$ -	\$ -	\$ 258,410
Funds held in trust	4,550	-	-	4,550
Other current liabilities	112,115	-	-	112,115
Due to other funds	580	-	-	580
Accrued interest payable	-	-	45,038	45,038
Total liabilities	<u>375,655</u>	<u>-</u>	<u>45,038</u>	<u>420,693</u>
Fund balance:				
Nonspendable:				
Prepaid items	1,990	-	-	1,990
Restricted:				
Public safety	3,000	-	-	3,000
Welfare	-	9,162	-	9,162
Debt service	-	-	272,149	272,149
Committed:				
Ordinance No. 1 of 2006	2,500,000	-	-	2,500,000
Unassigned	5,306,025	-	-	5,306,025
Total fund balance	<u>7,811,015</u>	<u>9,162</u>	<u>272,149</u>	<u>8,092,326</u>
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 8,186,670</u>	<u>\$ 9,162</u>	<u>\$ 317,187</u>	<u>\$ 8,513,019</u>

CITY OF PORT ALLEN, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net position****June 30, 2017**

Fund balances - total governmental funds **\$ 8,092,326**

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	\$ 7,146,080	
Less accumulated depreciation	<u>(3,020,404)</u>	
		4,125,676

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds
Pension related changes reported as deferred outflows

1,755,599

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

Bonds payable	\$ (2,385,000)	
OPEB obligations	(503,987)	
Compensated absences	(208,823)	
Pension related changes reported as deferred inflows	(259,900)	
Net pension liability	<u>(4,739,795)</u>	
		<u>(8,097,505)</u>

Net position of governmental activities

\$ 5,876,096

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2017

Governmental Funds

	General	Low Income Housing	Municipal Complex Debt Service Fund	Total Governmental Funds
Revenues				
Taxes	\$ 889,460	\$ -	\$ -	\$ 889,460
Licenses and permits	417,002	-	-	417,002
Intergovernmental	3,611,138	568,410	-	4,179,548
Charges for services	512,570	-	-	512,570
Fines and forfeitures	55,119	-	-	55,119
Investment earnings	16,212	6	262	16,480
Miscellaneous	91,180	-	-	91,180
Total revenues	5,592,681	568,416	262	6,161,359
Expenditures				
Current				
General government	743,675	-	-	743,675
Public safety	1,840,458	-	-	1,840,458
Roads and drainage	1,504,715	-	-	1,504,715
Depot welcome center	9,601	-	-	9,601
Sanitation	505,803	-	-	505,803
Health	35,205	-	-	35,205
Welfare	-	574,028	-	574,028
Community development	287,030	-	-	287,030
Fleet maintenance	134,074	-	-	134,074
Capital outlay				
Public safety	144,148	-	-	144,148
Roads and drainage	8,873	-	-	8,873
Fleet maintenance	2,611	-	-	2,611
Debt service				
Principal	-	-	150,000	150,000
Interest and other charges	-	-	90,075	90,075
Total expenditures	5,293,366	574,028	240,075	6,107,469
Excess (Deficiency) of Revenues Over Expenditures				
	299,315	(5,612)	(239,813)	53,890
Other Financing Sources (Uses)				
Sales of general fixed assets	20,790	-	-	20,790
Operating transfers in	(236,124)	-	239,987	3,863
Operating transfers out	-	(3,863)	-	(3,863)
Total other financing sources (uses)	(215,334)	(3,863)	239,987	20,790
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses				
	83,981	(9,475)	174	74,680
Fund Balances				
Beginning	7,727,034	18,637	271,975	8,017,646
Ending	\$ 7,811,015	\$ 9,162	\$ 272,149	\$ 8,092,326

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, 2017**

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

Net change in fund balances - total governmental funds \$ 74,680

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 232,806	
Depreciation expense	<u>(287,016)</u>	
		(54,210)

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

Principal payments 150,000

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

OPEB expenses	\$ (50,204)	
Compensated absences	(6,460)	
Pension expense	<u>(143,628)</u>	
		<u>(200,292)</u>

Change in net position of governmental activities \$ (29,822)

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds

June 30, 2017

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 972,044	\$ 1,003,076	\$ 1,975,120
Accounts receivable, net	91,443	146,028	237,471
Due from other funds	73,497	-	73,497
Prepaid expenses and other current assets	809	-	809
Total current assets	<u>1,137,793</u>	<u>1,149,104</u>	<u>2,286,897</u>
Non-current Assets			
Restricted:			
Cash and cash equivalents	179,872	217,170	397,042
Total restricted assets	<u>179,872</u>	<u>217,170</u>	<u>397,042</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	5,633	59,916
Equipment and vehicles	295,980	135,796	431,776
Wastewater treatment plant	-	2,440,876	2,440,876
Water system	2,457,477	-	2,457,477
Gas system	4,046,906	-	4,046,906
Sewer system	-	2,136,916	2,136,916
Less accumulated depreciation	(2,558,097)	(1,888,569)	(4,446,666)
Total capital assets (net of accumulated depreciation)	<u>4,605,855</u>	<u>2,838,032</u>	<u>7,443,887</u>
Total non-current assets	<u>4,785,727</u>	<u>3,055,202</u>	<u>7,840,929</u>
Deferred Outflows of Resources	<u>395,261</u>	<u>175,760</u>	<u>571,021</u>
Total assets and deferred outflows of resources	<u>6,318,781</u>	<u>4,380,066</u>	<u>10,698,847</u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds, Continued

June 30, 2017

	Business-type Activities Enterprise Funds		Total
	Water & Gas	Sewer	
Liabilities			
Current Liabilities (payable from current assets):			
Accounts payable	72,434	58,873	131,307
Due to other funds	134,267	93,660	227,927
Customer deposits	179,872	-	179,872
Total current liabilities (payable from current assets)	386,573	152,533	539,106
Current Liabilities (payable from restricted assets):			
Accrued interest payable on revenue bonds	-	3,247	3,247
Current portion of long-term debt	-	92,000	92,000
Total current liabilities (payable from restricted assets)	-	95,247	95,247
Non-current Liabilities:			
Compensated absences	134,192	46,146	180,338
OPEB obligations	114,310	54,893	169,203
Bonds and notes payable	-	1,275,000	1,275,000
Net pension liability	1,135,552	436,868	1,572,420
Total non-current liabilities	1,384,054	1,812,907	3,196,961
Total liabilities	1,770,627	2,060,687	3,831,314
Deferred Inflows of Resources			
Total liabilities and deferred inflow of resources	3,174,561	32,359	3,206,920
	4,945,188	2,093,046	7,038,234
Net Position			
Invested in capital assets, net of related debt	1,536,255	1,471,032	3,007,287
Restricted for:			
Ordinance No. 1 of 2006	900,000	-	900,000
Unrestricted (deficit)	(1,062,662)	815,988	(246,674)
Total net position	\$ 1,373,593	\$ 2,287,020	\$ 3,660,613

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2017

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Operating Revenues			
Charges for services			
Gas sales	\$ 973,532	\$ -	\$ 973,532
Water sales	465,945	-	465,945
Sewer service charges	-	880,586	880,586
Connection fees	18,067	13,500	31,567
Miscellaneous	16,972	-	16,972
Total Operating Revenues	1,474,516	894,086	2,368,602
Operating Expenses			
Personal services	748,287	340,634	1,088,921
Contractual services and other	406,405	209,098	615,503
Supplies	22,575	33,832	56,407
Materials	490,718	11,324	502,042
Heat, light and power	55,744	53,436	109,180
Depreciation	94,212	102,071	196,283
Total Operating Expenses	1,817,941	750,395	2,568,336
Operating Income (Loss)	(343,425)	143,691	(199,734)
Nonoperating Revenues (Expenses)			
Interest expense	-	(13,395)	(13,395)
Investment earnings	842	247	1,089
Total Nonoperating Revenues (Expenses)	842	(13,148)	(12,306)
Income (loss) before transfers	(342,583)	130,543	(212,040)
Transfer in	83,750	-	83,750
Transfer (out)	-	(83,750)	(83,750)
Increase (Decrease) in net assets	(258,833)	46,793	(212,040)
Net position			
Beginning	1,632,426	2,240,227	3,872,653
Ending	\$ 1,373,593	\$ 2,287,020	\$ 3,660,613

CITY OF PORT ALLEN, LOUISIANA

*Statement of Cash Flows
Proprietary Funds*

Year Ended June 30, 2017

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,479,608	\$ 882,005	\$ 2,361,613
Payments to suppliers	(938,607)	(266,342)	(1,204,949)
Payments to employees for services and benefits	(717,899)	(331,300)	(1,049,199)
Other operating cash receipts	16,972	-	16,972
Net Cash Provided By (Used In) Operating Activities	(159,926)	284,363	124,437
Cash Flows From Noncapital Financing Activities			
Transfers to other funds	-	(83,750)	(83,750)
Transfers from other funds	83,750	-	83,750
Net Cash Provided By (Used in) Noncapital Financing Activities	83,750	(83,750)	-
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(154,660)	(123,771)	(278,431)
Principal paid on revenue bonds	-	(91,000)	(91,000)
Interest paid	-	(13,610)	(13,610)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(154,660)	(228,381)	(383,041)
Cash Flows From Investing Activities			
Interest received	842	247	1,089
Net Cash Provided By (Used In) Investing Activities	842	247	1,089
Increase (Decrease) in Cash and Cash Equivalents	(229,994)	(27,521)	(257,515)
Cash and Cash Equivalents			
Beginning	1,381,910	1,247,767	2,629,677
Ending	\$ 1,151,916	\$ 1,220,246	\$ 2,372,162
Cash and Cash Equivalents Restricted Assets			
Totals	\$ 972,044	\$ 1,003,076	\$ 1,975,120
	179,872	217,170	397,042
	\$ 1,151,916	\$ 1,220,246	\$ 2,372,162
Supplemental Disclosures of Cash Flow Information:			
Property acquired with deferred inflows of resources	\$ 3,069,600	\$ -	\$ 3,069,600

CITY OF PORT ALLEN, LOUISIANA

*Statement of Cash Flows**Year Ended June 30, 2017**Proprietary Funds, Continued*

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Operating income	\$ (343,425)	\$ 143,691	\$ (199,734)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	94,212	102,071	196,283
(Increase) decrease in assets			
Accounts receivable	2,393	(8,136)	(5,743)
Prepaid expenses	61	719	780
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	36,775	36,684	73,459
Deposits	2,540	-	2,540
OPEB obligations	16,572	7,824	24,396
Compensated absences	13,816	1,510	15,326
Net Cash Provided By (Used In) Operating Activities	\$ (159,926)	\$ 284,363	\$ 124,437

CITY OF PORT ALLEN, LOUISIANA

**Statement of Net Position
Component Unit****December 31, 2016**

	City Court
Assets	
Current Assets	
Cash	\$ 467,479
Certificates of deposit	147,141
Investments	41,949
Due from other funds	18,393
Total current assets	<u>674,962</u>
Non-Current Assets	
Capital assets, net of depreciation	<u>105,769</u>
Deferred Outflows of Resources	
Total assets	<u>-</u> <u>780,731</u>
Liabilities	
Current Liabilities	
Due to other governments	29,048
Accrued expenses	5,468
Current portion of long-term liabilities	24,000
Total current liabilities	<u>58,516</u>
Non-Current Liabilities	
Deferred Inflows of Resources	86,213
Long-Term Liability	48,000
Total non-current liabilities	<u>134,213</u>
Total Liabilities	<u>192,729</u>
Net Position	
Invested in capital assets, net of related debt	33,769
Unassigned	554,233
Total net position	<u>\$ 588,002</u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Activities
*Component Unit**Year Ended December 31, 2016*

	<u>Program Revenues</u>		<u>Net (Expenses)</u> <u>Revenues and Changes</u> <u>in Net Position</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>City</u> <u>Court</u>
City Court			
Judiciary	<u>\$ 337,791</u>	<u>\$ 366,314</u>	<u>\$ 28,523</u>
General Revenues			
Investment earnings			<u>3,260</u>
Change in net position			<u>31,783</u>
Net position - beginning			<u>556,219</u>
Net position - ending			<u><u>\$ 588,002</u></u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements

June 30, 2017

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, 2017

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, 2017

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, 2017

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

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

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

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

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

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

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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, 2017

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.

Other Post Employment Benefit Obligations. The City follows GASB Codification Section P50 *Post-employment Benefits Plans Other than Pension Plans.* This pronouncement requires the City to calculate and recognize a net other post-employment benefit obligation (NOPEBO). The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2011. The City makes annual contributions based upon council decisions.

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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 where it received capital assets for discounted utility fees and 2.) amounts related to pensions 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:

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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.

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."

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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.

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>2017 Millage</u>
General Maintenance	7.67
Police Department	5.27

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

Subsequent Events. In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 11, 2017, the date the financial statements were available to be issued.

Current Year Adoption of New Accounting Standards. The City was not required to adopt any new GASB Standards in the preparation of this Annual Financial Report.

The following GASB statements were also effective but did not impact the financial statements of the City of Port Allen: GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 76, *Heirarchy of Generally*

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Accepted Accounting Principles for State and Local Governments; GASB Statement No. 77, Tax Abatement Disclosures; GASB Statement No. 78, Pensions Provided Through Certain Defined Benefit Pensions; GASB Statement No. 80, Blending Requirements for Certain Component Units and GASB Statement No. 82, Pension Issues.

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.

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, 2017.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Financial statement Classification	Demand Deposits	Certificates of Deposit	Money Market Accounts	LAMP	U.S. Agency Obligations	Total
Cash and cash equivalents	\$ 1,631,300	\$ 20,000	\$ 6,060,494	\$ 1,013,455	\$ -	\$ 8,725,249
Investments	-	500,000	-	-	213,289	713,289
Restricted Cash and cash equivalents	397,042	-	317,187	-	-	714,229
Balance per City books	\$ 2,028,342	\$ 520,000	\$ 6,377,681	\$ 1,013,455	\$ 213,289	\$ 10,152,767
Institutional balances	\$ 2,069,498	\$ 520,000	\$ 6,377,681	\$ 1,013,455	\$ 213,289	\$ 10,193,923

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 \$1,013,455 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. At year end the City had approximately \$761,318 in deposits that exceeded the Federal Deposit Insurance Corporation (FDIC) limits. In the past, the City has not incurred any losses from off balance sheet risk for this situation.

LAMP

At June 30, 2017, the City had an investment of \$1,013,455 with the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAA 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. The WAM for LAMP's total investments is 39 days as of June 30, 2017.
- Foreign currency risk: Not applicable to 2a7-like pools.

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

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

Investments

As of June 30, 2017, the change in the City's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, June 30, 2016	\$ 698,877	\$ 721,804
Add:		
Market value adjustment	-	(8,515)
Total	698,877	713,289
Balance, June 30, 2017	\$ 698,877	\$ 713,289

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

As of June 30, 2017, 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	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -
U.S. Agency obligations	213,289	-	213,289	-	-
Total	\$ 713,289	\$ 500,000	\$ 213,289	\$ -	\$ -

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, 2017, all of the City's purchased investments in U.S. Agencies Bonds were rated AAA and Aaa by Standard & Poors and Moody's respectively. U.S. Government obligations are explicitly guaranteed by the U.S. government and are not risk rated.

Concentration of Credit Risk

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

4. Receivables

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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

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

Balances receivable have been aggregated for presentation in the accompanying financial statements. Therefore, the following schedules provide additional detailed information concerning balances receivable by category and fund type. Receivable balances at June 30, 2017, are as follows:

	<u>Governmental Funds</u>	
	General Fund	Total Governmental Funds
Franchise tax	\$ 78,420	\$ 78,420
Property tax	34,377	34,377
Accounts receivable	82,988	82,988
Interest	2,400	2,400
Other	127,712	127,712
Total Receivables	325,897	325,897
Allowance for Uncollectibles	(101,874)	(101,874)
Receivables, Net	\$ 224,023	\$ 224,023

	<u>Proprietary Funds</u>		
	Water & Gas Fund	Sewer Fund	Total Proprietary Funds
Utility fees	\$ 97,632	\$ 146,182	\$ 243,814
Allowance for uncollectibles	(6,189) [†]	(154)	(6,343)
Receivables, Net	\$ 91,443	\$ 146,028	\$ 237,471

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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.

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 \$3,069,600 in deferred inflows of resources related to unavailable revenue.

As of June 30, 2017, 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, 2017

6. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2017:

	Beginning Balance June 30, 2016		Increases	Decreases	Ending Balance June 30, 2017	
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 686,051	\$ -	\$ -	\$ -	\$ 686,051	
Capital assets, being depreciated:						
Buildings and structures	4,378,248	68,279	-	-	4,446,527	
Furniture and fixtures	323,795	8,893	-	-	332,688	
Equipment and vehicles	1,571,383	155,634	46,203	-	1,680,814	
Total capital assets, being depreciated	6,273,426	232,806	46,203	-	6,460,029	
Less accumulated depreciation for:						
Buildings and structures	1,334,885	109,981	-	-	1,444,866	
Furniture and fixtures	252,274	16,590	-	-	268,864	
Equipment and vehicles	1,192,432	160,445	46,203	-	1,306,674	
Total accumulated depreciation	2,779,591	287,016	46,203	-	3,020,404	
Total capital assets, being depreciated, net	3,493,835	(54,210)	-	-	3,439,625	
Governmental activities capital assets, net	\$ 4,179,886	\$ (54,210)	\$ -	\$ -	\$ 4,125,676	

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

The following is a summary of changes in capital assets for business-type activities for the fiscal year June 30, 2017:

	Beginning Balance June 30, 2016		Increases	Decreases	Ending Balance June 30, 2017	
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		54,772	5,145	-		59,917
Equipment and vehicles		427,019	4,756	-		431,775
Wastewater treatment plant		2,430,336	10,540	-		2,440,876
Water system		2,332,967	124,510	-		2,457,477
Gas system		952,299	3,094,607	-		4,046,906
Sewer system		2,028,442	108,474	-		2,136,916
Total capital assets, being depreciated		8,520,284	3,348,032	-		11,868,316
Less accumulated depreciation for:						
Buildings		150,180	9,064	-		159,244
Furniture and fixtures		51,017	1,251	-		52,268
Equipment and vehicles		329,586	32,592	-		362,178
Wastewater treatment plant		792,948	58,728	-		851,676
Water system		1,256,696	45,277	-		1,301,973
Gas system		797,826	9,842	-		807,668
Sewer system		872,129	39,530	-		911,659
Total accumulated depreciation		4,250,382	196,284	-		4,446,666
Total capital assets, being depreciated, net		4,269,902	3,151,748	-		7,421,650
Business-type activities capital assets, net	\$	4,292,139	\$	3,151,748	\$	7,443,887

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Depreciation expense was charged to government functions as follows:

General Government	\$	91,482
Public Safety - Police Department		156,322
Roads and Drainage		31,098
Depot Welcoming Center		8,114
Total	\$	<u>287,016</u>
<hr/>		
Water and Gas	\$	94,212
Sewer		102,071
Total	\$	<u>196,283</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	\$	232,806
Depreciation expense		<u>(287,016)</u>
Total adjustments	\$	<u>(54,210)</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

7. Long Term Debt

The following is a summary of changes in long term debt for the year ended June 30, 2017:

Type of Debt	Balance at June 30, 2016	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at June 30, 2017	Amount due within One Year
<i>Governmental Activities:</i>					
Revenue bond	\$ 2,535,000	\$ -	\$ 150,000	\$ 2,385,000	\$ 150,000
Other post employment benefits	453,784	50,204	-	503,988	-
Compensated absences	202,363	6,460	-	208,823	-
Net pension liabilities	4,174,535	565,260	-	4,739,795	-
Total governmental long-term debt	\$ 7,365,682	\$ 621,924	\$ 150,000	\$ 7,837,606	\$ 150,000
<i>Business-Type Activities:</i>					
Revenue bond	\$ 1,458,000	\$ -	\$ 91,000	\$ 1,367,000	\$ 92,000
Other post employment benefits	140,015	29,188	-	169,203	-
Compensated absences	165,012	15,326	-	180,338	-
Net pension liabilities	1,503,527	68,893	-	1,572,420	-
Total business-type activities debt	\$ 3,266,554	\$ 113,407	\$ 91,000	\$ 3,288,961	\$ 92,000

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, 2017

Governmental Activities:

As of June 30, 2017, 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, 2017 is \$2,385,000 and debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 150,000	\$ 85,575
2019	155,000	80,926
2020	160,000	75,725
2021	165,000	69,950
2022	170,000	63,575
2023-2027	950,000	211,062
2028-2030	635,000	27,200
	<u>\$ 2,385,000</u>	<u>\$ 614,013</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Business Activities:

As of June 30, 2017, 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.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 92,000	\$ 12,550
2019	93,000	11,671
2020	93,000	10,787
2021	94,000	9,899
2022	95,000	9,001
2023-2027	490,000	31,207
2028-2031	410,000	7,838
	<u>\$ 1,367,000</u>	<u>\$ 92,953</u>

There are a number of covenants and restrictions contained in the bond indenture noted above. The City is not in compliance with one of the covenants related to the DEQ debt at June 30, 2017.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

8. Interfund Receivables/Payables and Transfers

Amounts due from and to other funds as reported in the fund financial statements, at June 30, 2017, consist of the following:

<u>Governmental Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 154,431	\$ 580
Lower Income Housing	580	-
	<u>155,011</u>	<u>580</u>
<u>Proprietary Funds</u>		
Water & Gas Fund	73,497	134,267
Sewer Fund	-	93,661
	<u>73,497</u>	<u>227,928</u>
	<u>\$ 228,508</u>	<u>\$ 228,508</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, 2017, interfund transfers consisted of the following:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,863	\$ 239,987
Lower Income Housing	-	3,863
Municipal Debt Service Fund	239,987	-
	<u>243,850</u>	<u>243,850</u>
<u>Proprietary Funds</u>		
Water & Gas Fund	83,750	-
Sewer Fund	-	83,750
	<u>83,750</u>	<u>83,750</u>
	<u>\$ 327,600</u>	<u>\$ 327,600</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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.

At June 30, 2017, 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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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

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

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, 2016, the actual employer contribution rate was 23.25%, and the actuarially required contribution rate was 24.64%. The actual rate differs from the actuarially determined rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

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 23.25% 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, 2017, 2016, and 2015 were \$346,299, \$274,382, and \$285,569, respectively, equal to the required contributions for each year.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

MPERS

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

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

Benefit rates are $3 \frac{1}{3}$ % 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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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, 2016, employer contributions were 31% 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%.

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 31.75% 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, 2017, 2016, and 2015 were \$299,395, \$272,921, and \$269,862, 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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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

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

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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.

For the year ended June 30, 2017 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, 2017, 2016, and 2015 were \$0.00, \$7,561, and \$11,831, 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, 2017, 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability for each of the cost-sharing plans in which it participates was based on the City's required contributions in proportion to total required contributions for all participating employers, actuarially determined. As of the most recent measurement date for each plan, the City's proportion for each cost-sharing plan and the change in proportion from the prior measurement date were as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>LASERS</u>
Proportion (amount) of net pension liability	\$3,216,663	\$3,095,551	\$ -
Proportion (%) of net pension liability	0.7848%	0.3303%	0.0000%
Increase/(Decrease) from prior measurement date	-0.0731%	0.0100%	-0.0015%

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

For the year ended June 30, 2017, the City recognized pension expense as follows:

	2017
MERS	\$ 293,739
MPERS	482,195
LASERS	-
	\$ 775,934

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	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	117,094	150,507	-	267,601
Net difference between projected and actual earnings on pension plan investments	734,599	476,323	-	1,210,922
Changes in proportion and differences between City contributions and proportionate share of contributions	-	202,225	-	202,225
City contributions subsequent to the measurement date	346,299	299,395	-	645,694
Total	\$ 1,197,992	\$ 1,128,450	\$ -	\$ 2,326,442

	Deferred Inflows of Resources			
	MERS	MPERS	LASERS	Total
Differences between expected and actual experience	\$ 101,681	\$ 49,242	\$ -	\$ 150,923
Changes of assumptions	-	186	-	186
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	179,615	-	66,496	246,111
Total	\$ 281,296	\$ 49,428	\$ 66,496	\$ 397,220

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

The deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date totaling \$645,694 will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. 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
2018	\$ 35,467	\$ 430,210	\$ (33,738)	\$ 431,939
2019	9,604	208,170	(32,758)	185,016
2020	238,026	226,323	-	464,349
2021	113,956	120,985	-	234,941
Total	\$ 397,053	\$ 985,688	\$ (66,496)	\$ 1,316,245

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	MERS	MPERS	LASERS
Inflation	2.875%	2.875%	3.00%
Salary Increases		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 (3.0%- 5.5%)
Investment rate of return	5.00%	7.50%	7.75%
Actuarial cost Method	entry age normal	entry age normal	entry age normal
Expected remaining Service Lives	3 years	4 years	3 years

Mortality Rate

Mortality rates for MERS and LASERS were based on the RP-2000 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants. Mortality rate assumptions for MPERS was based on experience studies performed on plan data (for the period July 1, 2003 through June 30, 2008).

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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, 2016 are summarized in the following table:

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<u>MERS</u>		
Public equity	50.00%	2.60%
Public fixed income	35.00%	1.80%
Alternatives	15.00%	0.80%
Totals	100.00%	5.20%
Inflation		2.50%
Expected Arithmetic Nominal Return		7.70%
<u>MPERS</u>		
Equity	53.00%	3.69%
Fixed Income	21.00%	0.49%
Alternatives	20.00%	1.11%
Other	6.00%	0.21%
Totals	100.00%	5.50%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.25%
<u>LASERS</u>		
Cash	0.00%	-0.24%
Domestic equity	25.00%	4.31%
International equity	32.00%	5.48%
Domestic Fixed Income	8.00%	1.63%
International Fixed Income	6.00%	2.47%
Alternative Investments	22.00%	7.42%
Global Tactical Asset Allocation	7.00%	2.92%
Totals	100.00%	5.30%
Inflation		3.25%
Expected Geometric Nominal Return		8.72%

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Discount Rate

MERS

The discount rate used to measure the total pension liability was 7.5%. 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.

MPERS

The discount rate used to measure the total pension liability was 7.5%. 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 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. 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 active and inactive 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, 2017

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 7.50%)	\$ 4,088,979	\$ 3,216,663	\$ 2,472,312
MPERS (current rate 7.50%)	4,126,636	3,095,551	2,229,862
LASERS (current rate 7.75%)	-	-	-
	<u>\$ 8,215,615</u>	<u>\$ 6,312,214</u>	<u>\$ 4,702,174</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 Benefits

Plan Description. The City of Port Allen's medical benefits are provided through an insured medical plan and are made available to employees upon actual retirement.

The employees are covered by one of two 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 Municipal Police Retirement System of Louisiana. The Police system has 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. Complete plan provisions are included in the official plan documents.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding. Until 2008, the City of Port Allen recognized the cost of providing post-employment medical benefits (the City of Port Allen's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In the year ended June 30, 2017 and 2016, the City of Port Allen's portion of health care funding cost for retired employees totaled \$35,053 and \$35,231, respectively.

Effective July 1, 2008, the City of Port Allen implemented Government Accounting Standards Board Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The City of Port Allen's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017
Normal cost	\$ 40,491
30-year UAL amortization amount	<u>81,987</u>
Annual required contribution (ARC)	<u>\$ 122,478</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Port Allen's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ended June 30:

	2017
Beginning Net OPEB obligation	\$ 593,799
Annual required contribution	122,478
Interest on net OPEB obligation (asset)	18,021
ARC adjustment	<u>(26,054)</u>
OPEB cost	114,445
Contribution	-
Current year retiree premium	<u>(35,053)</u>
Change in Net OPEB obligation	<u>79,392</u>
Ending Net OPEB obligation	<u>\$ 673,191</u>

The following table shows the City of Port Allen's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability as of June 30:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation Liability (Asset)
June 30, 2017	\$ 114,445	30.62%	\$ 673,191
June 30, 2016	\$ 114,445	30.86%	\$ 593,799
June 30, 2015	\$ 114,445	44.03%	\$ 514,585

Funded Status and Funding Progress. In the fiscal year ending June 30, 2017, the City of Port Allen made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. As of July 1, 2014, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) as of June 30, 2015 was \$1,474,463, which is defined as that portion, as determined by a particular actuarial cost method (the City of Port Allen uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

	2017
Actuarial accrued liability (AAL)	\$ 1,594,779
Actuarial value of plan assets	-
Unfunded act. accrued liability (UAAL)	<u>\$ 1,594,779</u>
Funded ratio (act. val. assets/AAL)	0%
Covered payroll (active plan members)	2,829,686
UAAL as a percentage of covered payroll	56.36%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Port Allen and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Port Allen and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Port Allen and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

Post employment Benefit Plan Eligibility Requirements. Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence four years after D.R.O.P. entry, as described above under "Plan Description" (three years in D.R.O.P. and one additional year). Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 50% of the retiree portion of the coverage (not dependents), but it is based on the blended rate (active and retiree) before age 65 Medicare eligibility. Since GASB Codification P50 requires the use of unblended rates, we have "unblended" the rates before age 65 by assuming the unblended rate for retirees is 130% of the total blended rate. Upon Medicare eligibility, the employer pays the Medicare premium for the retiree only.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2017

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 five settled claims paid in excess of the commercial insurance coverage in the past three fiscal years. The City paid a net of \$196,000 to settle a suit in the year ended June 30, 2015.

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 \$95,634 for the year ended June 30, 2017.

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 has been no significant events that were required to be reported. Copies of the filings can be viewed at <http://emma.msrb.org/continuingdisclosureview>.

16. Funds Held in Trust

The City entered into a public-private partnership with three industrial customers to provide gas service in the Westport commercial park, the Port of Baton Rouge and south of the intra-coastal waterway. The three users contracted for the construction of the pipeline which will become an asset of the City. The City will provide service at a negotiated rate until the cost of the construction is recouped by the customers. The system became operational in 2017. Initially the three customers advanced \$1,557,715 to the City to facilitate payment to the contractor, however during the current year the City relinquished coordination and payment of the contractors to the private entities. In the current year the City used \$197,231 to pay contractors, refunded \$388,115 to the private companies and retained the balance of the contributions plus interest earned in the account totaling \$4,550 which is held in trust.

CITY OF PORT ALLEN, LOUISIANA

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

Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ 942,000	\$ 942,000	\$ 889,460	\$ (52,540)
Licenses and permits	368,000	368,000	417,002	49,002
Intergovernmental	3,169,800	3,375,400	3,611,138	235,738
Charges for services	531,800	531,800	512,570	(19,230)
Fines and forfeitures	55,000	55,000	55,119	119
Investment earnings	35,000	35,000	16,212	(18,788)
Miscellaneous	36,500	36,500	91,180	54,680
Total revenues	<u>5,138,100</u>	<u>5,343,700</u>	<u>5,592,681</u>	<u>248,981</u>
Expenditures				
Current				
General government	771,368	824,368	743,675	80,693
Public safety	1,935,910	1,935,910	1,840,458	95,452
Roads and drainage	1,534,315	1,684,315	1,504,715	179,600
Depot welcome center	8,500	8,500	9,601	(1,101)
Sanitation	531,000	531,000	505,803	25,197
Health	35,500	35,500	35,205	295
Community development	250,245	229,745	287,030	(57,285)
Fleet maintenance	131,018	131,018	134,074	(3,056)
Capital outlay				
General government	21,250	21,250	77,173	(55,923)
Public safety	81,000	135,600	144,148	(8,548)
Roads and drainage	11,300	11,300	8,873	2,427
Fleet maintenance	-	-	2,611	(2,611)
Total expenditures	<u>5,311,406</u>	<u>5,548,506</u>	<u>5,293,366</u>	<u>255,140</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(173,306)</u>	<u>(204,806)</u>	<u>299,315</u>	<u>504,121</u>
Other Financing Sources (Uses)				
Sales of general fixed assets	-	-	20,790	20,790
Operating transfers in	-	-	(236,124)	(236,124)
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(215,334)</u>	<u>(215,334)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (173,306)</u>	<u>\$ (204,806)</u>	<u>83,981</u>	<u>\$ 288,787</u>
Fund Balance				
Beginning			<u>7,727,034</u>	
Ending			<u>\$ 7,811,015</u>	

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

Year Ended June 30, 2017

Sources - Budget and Actual**General Fund**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Taxes				
Ad valorem	\$ 576,000	\$ 576,000	\$ 558,166	\$ (17,834)
Franchise	366,000	366,000	331,294	(34,706)
Total taxes	942,000	942,000	889,460	(52,540)
Licenses and permits				
Business licenses and permits				
Professional and occupational	368,000	368,000	417,002	49,002
Total licenses and permits	368,000	368,000	417,002	49,002
Intergovernmental				
State shared revenues				
Alcoholic beverage tax	15,000	15,000	16,308	1,308
Video poker	20,000	20,000	33,215	13,215
Streets	5,300	5,300	10,855	5,555
Operating grant	-	-	25,000	25,000
On behalf payments	120,000	120,000	95,634	(24,366)
West Baton Rouge Parish shared revenues				
General sales and use tax	3,000,000	3,205,600	3,423,886	218,286
Subpoena reimbursements	9,500	9,500	6,240	(3,260)
Total intergovernmental	3,169,800	3,375,400	3,611,138	235,738
Charges for services				
Public safety - protective inspection fees	13,000	13,000	5,368	(7,632)
Sanitation - refuse collection charges	518,800	518,800	507,202	(11,598)
Total charges for services	531,800	531,800	512,570	(19,230)
Fines and forfeitures	55,000	55,000	55,119	119
Investment earnings	35,000	35,000	16,212	(18,788)
Miscellaneous	36,500	36,500	91,180	54,680
Total revenues	5,138,100	5,343,700	5,592,681	248,981
Other Financing Sources				
Sales of general fixed assets	-	-	20,790	20,790
Operating transfers in	-	-	(236,124)	(236,124)
Operating transfers out	-	-	-	-
Total other financing sources	-	-	(215,334)	(215,334)
Total revenues and other financing sources	\$ 5,138,100	\$ 5,343,700	\$ 5,377,347	\$ 33,647

CITY OF PORT ALLEN, LOUISIANA**Schedule of Expenditures and Other Financing****Year Ended June 30, 2017****Uses - Budget and Actual****General Fund**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Current				
General government				
Legislative				
Personal services	\$ 38,161	\$ 38,161	\$ 38,412	\$ (251)
Judicial				
Personal services	120,079	120,079	113,656	6,423
Other services and charges	12,385	12,385	11,858	527
Executive				
Personal services	55,207	55,207	55,760	(553)
Administrative				
Personal services	252,536	247,536	265,757	(18,221)
Supplies	13,200	13,200	9,303	3,897
Other services and charges	279,800	337,800	248,929	88,871
Total general government	771,368	824,368	743,675	80,693
Public safety				
Police				
Personal services	1,564,709	1,564,709	1,523,156	41,553
Supplies	100,200	100,200	72,258	27,942
Other services and charges	218,500	218,500	202,342	16,158
Protective inspection				
Other services and charges	52,501	52,501	42,702	9,799
Total public safety	1,935,910	1,935,910	1,840,458	95,452
Roads and drainage				
Personal services	622,615	622,615	594,613	28,002
Supplies	168,500	318,500	219,410	99,090
Other services and charges	743,200	743,200	690,692	52,508
Total roads and drainage	1,534,315	1,684,315	1,504,715	179,600

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

Year Ended June 30, 2017

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

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Depot Welcome Center				
Supplies	\$ 200	\$ 200	\$ 24	\$ 176
Other services and charges	8,300	8,300	9,577	(1,277)
Total depot welcome center	8,500	8,500	9,601	(1,101)
Sanitation				
Other services and charges	531,000	531,000	505,803	25,197
Animal control				
Other services and charges	35,500	35,500	35,205	295
Community development				
Personal services	3,245	25,245	22,201	3,044
Other services and charges	247,000	204,500	264,829	(60,329)
Total community development	250,245	229,745	287,030	(57,285)
Fleet maintenance				
Personal services	121,218	121,218	120,241	977
Supplies	4,450	4,450	6,551	(2,101)
Other services and charges	5,350	5,350	7,282	(1,932)
Total fleet maintenance	131,018	131,018	134,074	(3,056)
Total current expenditures	5,197,856	5,380,356	5,060,561	319,795
Capital Outlay				
General government	21,250	21,250	77,173	(55,923)
Police	81,000	135,600	144,148	(8,548)
Roads and drainage	11,300	11,300	8,873	2,427
Fleet maintenance	-	-	2,611	(2,611)
Total capital outlay expenditures	113,550	168,150	232,805	(64,655)
Total Expenditures	\$ 5,311,406	\$ 5,548,506	\$ 5,293,366	\$ 255,140

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, 2017

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 595,000	\$ 595,000	\$ 568,410	\$ (26,590)
Investment earnings	-	-	6	6
Total revenues	<u>595,000</u>	<u>595,000</u>	<u>568,416</u>	<u>(26,584)</u>
Expenditures				
Current				
Housing assistance payments	<u>601,000</u>	<u>601,000</u>	<u>574,028</u>	<u>26,972</u>
Total expenditures	<u>601,000</u>	<u>601,000</u>	<u>574,028</u>	<u>26,972</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,000)</u>	<u>(6,000)</u>	<u>(5,612)</u>	<u>388</u>
Other Financing Sources (Uses)				
Operating transfers out	-	-	(3,863)	(3,863)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,863)</u>	<u>(3,863)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	<u>(9,475)</u>	<u>\$ (3,475)</u>
Fund Balance				
Beginning			<u>18,637</u>	
Ending			<u>\$ 9,162</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, 2017

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ 262	\$ 262
Total revenues	-	-	262	262
Expenditures				
Debt service				
Principal	150,000	150,000	150,000	-
Interest and other charges	93,075	93,075	90,075	3,000
Total expenditures	243,075	243,075	240,075	3,000
Excess (Deficiency) of Revenues Over Expenditures	(243,075)	(243,075)	(239,813)	3,262
Other Financing Sources (Uses)				
Operating transfers in	236,438	236,438	239,987	3,549
Total other financing sources (uses)	236,438	236,438	239,987	3,549
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (6,637)	\$ (6,637)	174	\$ 6,811
Fund Balance				
Beginning			271,975	
Ending			<u>\$ 272,149</u>	

CITY OF PORT ALLEN, LOUISIANA**Schedule of Funding Progress for Other Postemployment Benefits****Year Ended June 30, 2017**

Year End*	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Payroll
6/30/2014	\$ -	\$ 1,602,243	\$1,602,243	0.00%	\$ 3,247,598	49%
6/30/2015	\$ -	\$ 1,474,463	\$1,474,463	0.00%	\$ 2,477,456	60%
6/30/2016	\$ -	\$ 1,533,442	\$1,533,442	0.00%	\$ 2,697,967	57%
6/30/2017	\$ -	\$ 1,594,779	\$1,594,779	0.00%	\$ 2,829,686	56%

*The date of the last actuarial valuation was July 1, 2014.

CITY OF PORT ALLEN, LOUISIANA*Schedule of Employer's Proportionate Share of the Net Pension Contributions**Year Ended June 30, 2017*

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>					
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>					
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>					
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, 2017

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
MERS:					
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%
2008	\$ 178,837	\$ 178,837	\$ -	\$ 1,324,719	13.50%
MPERS:					
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%
2008	\$ 101,120	\$ 101,120	\$ -	\$ 735,419	13.75%
LASERS:					
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%
2008	\$ 5,356	\$ 5,356	\$ -	\$ 43,193	12.40%

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, 2017

LASERS, MERS, MPERS

Changes of Benefit Terms or Assumptions

There were no changes of benefit terms or assumptions for the year ended June 30, 2017.

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, 2017.

CITY OF PORT ALLEN, LOUISIANA

Other Supplementary Information

June 30, 2017

CITY OF PORT ALLEN, LOUISIANA**Schedule of Compensation Paid to City Council****Year Ended June 30, 2017****Council Member**

Brandon Brown	\$	12,462
Garry Hubble		12,462
Ray Helen Lawrence		13,396
R.J. Loupe		6,462
Hugh Riviere		12,461
Carey Williams	*	6,000
	\$	<u>63,243</u>

* Mr. Williams replaced Mr. Loupe upon his retirement.

CITY OF PORT ALLEN, LOUISIANA*Schedule of Compensation Paid to Mayor**Year Ended June 30, 2017***Agency Head Name: Mayor Richard Lee****Purpose**

Salary	\$ 88,228
Benefits - retirement	20,072
Car allowance	4,985
Registration fees	420
Other	173
Conference housing	330
Special Meals (Mayors meetings)	203
	<u>\$ 114,411</u>

CITY OF PORT ALLEN, LOUISIANA

Schedule of Insurance in Force

Year Ended June 30, 2017

Western Surety Co	Fidelity Bond - Mayor-R. Lee	\$50,000 employee faithful performance bond	*	10/20/16-10/19/17
Western Surety Co	Fidelity Bond-Ray Helen Lawrence	\$50,000 employee faithful performance bond		1/1/17-1/31/18
Western Surety Co	Fidelity Bond - Finance Director-A. McCain	\$50,000 employee faithful performance bond	*	10/20/16-10/19/17
Western Surety Co	Fidelity Bond - Chief Admn Officer-A. Genre	\$50,000 employee faithful performance bond	*	10/20/16-10/19/17
Western Surety Co	Fidelity Bond - Police Chief-E. Brown	\$50,000 employee faithful performance bond		7/31/16-7/31/17
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 \$293,600, contents \$83,400; Wastewater Plant 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

* Surety bonds for these three employees were inadvertently cancelled by the agent and coverage lapsed from September 29, 2015 until October 20, 2016.

CITY OF PORT ALLEN, LOUISIANA***Schedule of Statistical Data******Year Ended June 30, 2017***

Number of sewer customers for the year ended June 30, 2017	2,251
User fee in effect at June 30, 2017:	
First 3,000 gallons of water used	19.62
Every 1,000 gallons of water in excess of 3,000 gallons	2.61
Total sewer revenue	\$ 880,586
Average monthly bill per user	32.67



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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, 2017, and the related notes to the financial statements, which collectively comprise the City of Port Allen, Louisiana's basic financial statements, and have issued our report thereon dated December 11, 2017.

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 deficiencies described in the accompanying *Schedule of Findings and Responses* to be material weaknesses (2017-001 and 2017-002).

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item (2017-003).

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 11, 2017

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements.

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

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses, Continued

Year Ended June 30, 2017

Section II – Financial Statement Findings

Internal Control Findings

Item 2017-001 Monthly Account Reconciliations

Criteria. The City should have procedures in place to insure that all subsidiary ledgers reconcile to the general ledger.

Condition. Some subsidiary ledgers do not reconcile to the general ledger.

Effect. If monthly reconciliations are not prepared, errors are not identified and corrected in a timely manner.

Cause. Monthly reconciliations have not been prepared.

Recommendation. Management should prepare monthly reconciliations of subsidiary ledgers to the general ledger.

Management's Response. Management will review the subsidiary ledgers monthly to be certain they reconcile to the general ledger.

Item 2017-002 Journal Entry Approval

Criteria. Someone independent of the individual who prepares journal entries should be responsible for approving them.

Condition. Currently the CFO prepares all journal entries to adjust accounts in the general ledger.

Effect. Improper journal entries could be recorded and not corrected in a timely manner.

Cause. There is no individual assigned to approve journal entries.

Recommendation. Management should assign some individual to review and approve journal entries independent of the individual who prepares the entries.

Management's Response. Management will assign an individual to approve journal entries.

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses, Continued

Year Ended June 30, 2017

Compliance Findings

Item 2017-003 Security for deposits

Criteria. Louisiana Revised Statutes 39:1211 *et seq* requires collateralization of local government deposits that are in greater than the amount insured by FDIC insurance.

Condition. The City has deposits in a brokerage account that does not appear to have any security in excess of federal insurance limits.

Effect. Failure by the brokers or its captive bank could result in a loss to the City.

Cause. The broker has not provided evidence of compliance with Louisiana law.

Recommendation. Management should contact the broker and determine if they are complying with Louisiana law and take appropriate action.

Management's Response. Management will contact the broker regarding compliance with Louisiana law and take whatever action is necessary to protect the City.

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

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding Ref No.
2016-001	2016	Utility Service Billing Errors	Resolved	N/A
2016-002	2016	Utility System Master Files	Resolved	N/A
2016-003	2015	Bond Covenant Violation-Net Revenues	Resolved	N/A
2016-004	2015	Bond Covenant Violation-Sinking Fund	Resolved	N/A
2016-005	2016	Employee Malfeasance	Resolved	N/A

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

City of Port Allen

June 30, 2017



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



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board and Management
City of Port Allen:

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the City of Port Allen, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the City of Port Allen and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the City of Port Allen compliance with certain laws and regulations during the year ended June 30, 2017.

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, 2017

Written Policies and Procedures

Procedure 1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- 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 and checks 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***, including receiving, recording, and preparing deposits.
- 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, and (5) monitoring card usage.
- 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.
- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

The City does not have written policies for Ethics or Debt Service. Although the City has written procedures for purchasing, we did not note controls and checks to ensure compliance with public bid law. Written policies and procedures were reviewed and determined to be adequate for all other financial/business functions.

Board

Procedure 2: Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Findings:

No exceptions noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Findings:

There is no indication in the meeting minutes that the monthly budget-to-actual comparisons were reviewed for the general fund or other major funds.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings:

No exceptions noted.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Bank Reconciliations

Procedure 3: Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a listing of 11 client bank accounts from CFO Audrey McCain.

Procedure 4: Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

We selected 5 of the City's 11 bank accounts for testing.

- a) Bank reconciliations have been prepared;

Findings:

In our sample of 5 bank accounts, 2 accounts did not have evidence of a reconciliation being prepared.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Findings:

In our sample of 5 bank accounts, we noted no indication of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciled items that have been outstanding for more than 6 months as of the end of the fiscal period.

Findings:

In our sample of five bank accounts, one of them had reconciling items outstanding for more than six months as of the end of the fiscal period, for which there was no evidence of research.

Collections

Procedure 5: Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Cash is collected only at the City Hall utility office.

Procedure 6: Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to

follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.*

For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Findings:

No exceptions noted.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Findings:

No exceptions noted.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings:

No exceptions noted.

Procedure 7: Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Findings:

No exceptions noted.

Disbursements – General

Procedure 8: Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a download of all cash disbursements from the general ledger.

Procedure 9: Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

From the population of 1,516 disbursements totaling \$6,731,543, a random sample of 25 cash disbursements totaling \$159,244 was selected for testing.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Findings:

A purchase requisition for office supplies for \$72 was initiated and approved by CAO Adrian Genre.

No purchase order was noted for a purchase of equipment for \$4,000.

15 recurring monthly charges for items such as utilities, remittances for taxes or benefits, and some services were not initiated using a requisition/purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Findings:

A purchase requisition for office supplies for \$72.00 was initiated and approved by CAO Adrian Genre.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings:

No exceptions noted.

Procedure 10: Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings:

No exceptions noted.

Procedure 11: Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

Procedure 12: Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings:

Unused checks are kept in a room that is locked at night. Access during working hours is not restricted.

Procedure 13: If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings:

Not applicable.

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

Procedure 14: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a listing of active fuel cards, which are linked to city vehicles. Users of the cards are identified through PINs when fuel is purchased. The City does not have credit cards, bank debit cards, or P-cards.

Procedure 15: Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

We randomly selected a sample of 10 of the City's 98 active fuel cards.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

The City receives a combined statement for their fuel cards. We selected the statement for the month of July 2016 totaling \$6,741.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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:

No exception noted.

- b.) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings:

No exception noted.

Procedure 16: Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Findings:

Original itemized receipts were not provided because the City's written policy does not require itemized receipts.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Findings:

Fuel purchases for the fiscal year ended June 30, 2017 totaled \$61,166. Management was unable to provide evidence of compliance with the applicable bid law.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings:

No exceptions noted.

Travel and Expense Reimbursement

Procedure 17: Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a list of all reimbursements for travel and related expenses from the general ledger totaling \$9,662.

Procedure 18: Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Observation:

Findings:

We obtained the written policies related to travel and expense reimbursements noting the policy limits reimbursement for meals and lodging costs. The GSA standard rate for meals in Louisiana is \$51, while the City employee handbook has a per diem limit of \$43, with exceptions for certain high expense areas. The employee handbook does not include a reimbursement limit for lodging.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Procedure 19: Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

We selected 3 expenditures totaling \$1,903.

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Findings:

The City had one reimbursement for 5 nights of lodging at a designated conference hotel in which the nightly rate exceeded the GSA rate by \$27 per night.

The City had one reimbursement for 2 nights of lodging at a designated conference hotel in which the nightly rate exceeded the GSA rate by \$50 per night.

Note: The City's travel policy states that the mayor has the authority to approve actual cost of conference lodging, when the traveler is staying at the designated conference hotel.

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Findings:

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:

No exceptions noted.

Procedure 20: Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a list of all contracts in effect during the fiscal period, totaling \$2,965,012, from CAO Adrian Genre. We selected the five contract vendors that were paid the most money during the fiscal year, representing expenditures of \$1,917,255.

Procedure 21: Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Findings:

The contract with Cypress Gas went into effect in 1985, was amended in 1991, and has since rolled over from year to year. The original contract has been lost. The amendment supports the services arrangement and amounts paid of \$414,681.

The contract with United Health care supports the services arrangement, but not the amount to be paid of \$459,952 by the City of Port Allen.

- Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Findings:

Cypress Gas – There are no other natural gas suppliers available to the city.

GSA & Associates – This is a professional service contract that is not required to be bid.

Republic Services – This is a service contract that was not required to be bid.

- Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Findings:

Cypress Gas – The amended contract added a \$150 per month maintenance fee. Because the original contract was lost, we were unable to determine whether the original contract terms contemplated or provided for an amendment.

GSA & Associates – The amended contract increased the cost by \$144,000 as the result of the city requesting more services. The original contract provided for amendment.

RJ Daigle Contractors – The amended contract increased the cost \$33,102.74 as the result of adjustments for actual materials used in construction and additional work authorized by the city. The original contract provided for amendment.

- Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Findings:

No exceptions noted.

- Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

Procedure 22: Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Findings:

No exceptions noted.

Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Findings:

No exceptions noted.

Procedure 23: Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

We selected the pay period ending June 14, 2017. We selected a random sample of 25 employees/officials for testing.

- a) Report whether 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 exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings:

No exceptions noted.

Procedure 24: Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings:

No exceptions noted.

Procedure 25: Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings:

The State Withholding Tax form for the quarter ended September 30th, 2016 was filed late, though the tax was paid on time.

Ethics

Procedure 26: Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Findings:

The City could not provide evidence for four of the five employees selected that required ethics training was completed.

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Summary of Findings and Exceptions, Continued

June 30, 2017

Procedure 27: Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings:

No exceptions noted.

Debt Service

Procedure 28: If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Findings:

Not applicable.

Procedure 29: If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings:

No exceptions noted.

Procedure 30: If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings:

Not applicable.

Other

Procedure 31: Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

CITY OF PORT ALLEN

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

Procedure 32: Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

No exceptions noted.

Procedure 33: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings:

No exceptions noted.

We were not engaged to perform, and did not conduct, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

This report is intended solely for the information and use of management of City of Port Allen and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC



December 11, 2017



December 20, 2017

MANAGEMENT'S RESPONSE TO AUP FINDINGS FOR FISCAL YEAR 2016-2017

Procedure 1:

The City follows the state mandated annual requirement of each employee getting the ethics training. The City also offers several opportunities during the year to encourage and assist its employees with getting this training. Within the next sixty (60) days, management will develop written policies and procedures for ethics training in accordance with the AUP and should have those policies completed by the first quarter of 2018. These policies will be submitted to legal counsel for compliance and guidance with all federal and state regulations.

Management currently uses the debt service covenants and the potential penalties associated with each of the City's debt service agreements in order to determine compliance with its requirements. The City will use best practices for governmental entities to create its debt service written policies and procedures early in 2018. Management will also submit these policies to legal counsel for compliance with all federal and state regulations.

Procedure 2:

A copy of the monthly budget-to-actual comparisons for the General Fund and all other major funds will be provided to the City Council at each regular meeting for their review and will be noted in the official minutes beginning with the January, 2018 meeting.

Procedure 4:

Most of the City's bank accounts have little to no activity in them each month except for a very small amount of interest that may be earned on the account. The bank accounts that have the most activity, (City Operations, Section 8 Existing, and Payroll Clearing) are balanced every month. Beginning with the January, 2018 bank statements, the minor accounts will be balanced at least quarterly and the others will continue be balanced monthly with the results being provided to the Mayor and City Council for review.

Management will develop written policies within the next sixty (60) days to handle any outstanding checks that may have been written from its bank accounts and research the status of each of them.

Procedure 9:

Any purchase requisitions approved by the CAO will be initiated by another member of senior management or the Mayor. Management will watch more closely the use of purchase orders for all items of equipment purchased during the year. Additionally, remittances for taxes or benefits will be reviewed and approved by the CFO prior to their being sent or mailed. Both the Chief Financial Officer and Mayor will initial the payment of any invoice for services that does not include a purchase order in the future. All checks are reviewed and signed by the Mayor.

An Equal Opportunity Employer

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Procedure 12:

Beginning immediately, access to the room where unused checks are stored will be limited to upper management personnel and the AP clerk. The room will continue to be locked every night.

Procedure 19:

As per City policy, all of these reimbursements were approved by the Mayor after his review of the documented receipts.

Procedure 21:

When the contract with our health care provider is completed next year, the CAO will secure and retain a copy of the contract setting out the prices and details of the agreement.

Procedure 25:

Many years ago when the City began making automated ACH payments of its state withholdings directly to the State after each payroll, my staff was told that the quarterly Form L-1 was no longer required because the payments were made simultaneous with the payroll. On October 27, 2016, the City was notified in writing that even though all state withholding taxes were paid and current, the Form L-1 had to be prepared and completed for all of the previous quarters. This was completed and returned to the state and management has not heard from them regarding any additional information on this issue. The payroll clerk now prepares the Form L-1 each quarter when the federal Form 941s are prepared.

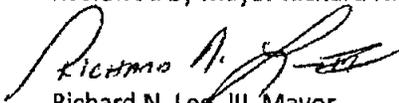
Procedure 26:

Every year the City and its upper management employees attend the Louisiana Municipal Associations Mid-Winter Conference. A segment on Ethics Training is offered at the seminar. One of our employees who attended the conference and the training did not receive a certificate. When that employee searched the database of the Louisiana Ethics Commission, it does not show that the training was completed for 2016. The employees of the City of Port Allen are expected to complete this training annually in accordance with law and policy. The Human Resources Director will continue to monitor this training to assure compliance for all employees in the future.

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