



FINANCIAL REPORT

DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Council
City of Thibodaux, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thibodaux, Louisiana, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, 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, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Thibodaux Volunteer Fire Department, Inc. and City Court of Thibodaux, Louisiana, which represents one hundred percent of the assets, net position, and revenues of the discretely presented component units as of November 30, 2021 and December 31, 2021, respectively, and the respective changes in financial position. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, Thibodaux Volunteer Fire Department, Inc. and City Court of Thibodaux, Louisiana, is based solely on the reports of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, the schedules of revenues, expenditures, and changes in fund balance – budget to actual on pages 66 through 67, schedule of changes in total other postemployment benefit liability and related ratios on page 68, schedule of proportionate share of the net pension liability on page 69, schedule of contributions on page 70, and notes to the required supplementary information on pages 71 through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules on pages 73 through 80, the statement of revenues, expenses, and change in net position – municipal gas and sewerage system fund on page 81, the combining statements – discretely presented component units on pages 82 through 83, the schedule of principal officials and salaries on page 86, the schedule of compensation, benefits, and other payments to agency head on page 87, the justice funding schedule – collecting/disbursing entity on page 88, the justice system funding schedule – receiving entity on page 89 and the schedule of expenditures of federal awards on pages 95 through 96 as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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, based on our audit and the reports of the other auditors, the combining and individual nonmajor fund financial statements, the statement of revenues, expenses, and change in net position – municipal gas and sewerage system fund, the combining statements – discretely presented component units, the schedule of principal officials and salaries, the schedule of compensation, benefits, and other payments to agency head, the justice funding schedule – collecting/disbursing entity, the justice system funding schedule – receiving entity, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of utility customers and the schedule of insurance in force but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads 'Postlethwaite & Netterville'.

Baton Rouge, Louisiana
June 27, 2022

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

The Finance Department, Accounting Division, is responsible for the overview and analysis of the financial activities of the City of Thibodaux, Louisiana (the City) for the year ended December 31, 2021. The narrative provided is designed to introduce the financial highlights and offer an overview of our financial statements.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and facts known to date. This narrative includes a government-wide financial analysis of revenues, expenses and changes in the net position. Further detail offers our readers a financial analysis of the funds consisting of the governmental fund types and proprietary funds.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the primary government at the close of the most recent fiscal year by **\$51.4 million** (net position). Of this amount, **\$52.3 million** is the net invested in capital assets and **\$3.1 million** is restricted for debt service payments, utility system maintenance, health and welfare, public safety, and public works. Because of accounting standards GASB 68, *Accounting and Financial Reporting for Pensions*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the amount of net position used to meet the ongoing long-term obligations to citizens and creditors (unrestricted) is a **negative \$4.0 million**.

Governmental activities current assets increased by **\$1.9 million** due to an increase in cash and cash equivalents. Current assets of the business-type activities increased by **\$1.6 million** in 2021 as a result of the receipt of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).

Capital assets of the Governmental activities decreased by **\$1.0 million** due to continued depreciation exceeding the current year purchases. The continuation of water and sewer improvements resulted in an increase in the capital assets of the Business-type activities of **\$0.3 million** in 2021.

Total long-term liabilities of the primary government decreased by **\$5.8 million** during 2021. Governmental activities long-term liabilities decreased by **\$6.6 million** primarily due to a decrease in the net pension liability. Business-type long-term liabilities increased by **\$0.8 million** due to an increase in the net advances of bonds of approximately **\$1.9 million**, offset by decreases in the net pension liability in 2021.

Total net position decreased by nearly **\$0.5 million** during 2021. This is due to continued growth in the City, which was unfortunately offset by the impacts of Hurricane Ida. The City experienced sales tax growth of **\$2.4 million**. Due to Hurricane Ida, property taxes were not levied in 2021. This resulted in a loss of **\$1.7 million** in property tax revenues. These tax revenues will be levied and collected in fiscal year 2022. Additionally, the City has incurred over **\$3.8 million** relating to the recovery efforts of Hurricane Ida that have not yet been reimbursed through FEMA as of December 31, 2021.

At the end of our current fiscal year, the governmental funds reported combined ending fund balances of nearly **\$17.7 million**, with a decrease of approximately **\$0.4 million** in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

The government-wide financial statements include not only the City itself (the primary government), but also separate legal governmental entities (component units) to which the city may be obligated to provide financial assistance. Component units are presented as separate columns in the government-wide and fund financial statements. The component unit agencies issue separate, independently audited financial statements. Financial statements for each of the individual component units may be obtained at the component units' administrative offices or on the Louisiana Legislative Auditor's website at lla.la.gov.

Government-Wide Financial Statements

The government-wide financial statements (GWFS) reported in Statements A and B are designed to be similar to private-sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine governmental fund's current financial resources with capital assets and long-term obligations. Also presented in the GWFS is a column for the business-type activities of the primary government.

The Statement of Net Position reported in Statement A presents information on all the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities reported in Statement B presents information showing how the net position changed during the recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods. For example, earned but unused vacation leave results in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the general taxes and other revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

The GWFS distinguish functions that are principally supported by taxes and intergovernmental revenues (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 governmental activities reflect the basic services and include the financial activities of Administration (Executive and Legislative Branches), Public Works (Government Buildings, Drainage, Roads and Streets), Public Safety (City Police and Fire), Human Resources, Finance, Parks, Recreation, Municipal Auditorium, and Legal. The business-type activities include water production and distribution operations, natural gas distribution, sewerage collection and treatment system, and solid waste collection and disposal.

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. Traditional users of governmental financial statements will find the fund financial statements (FFS) presentation more familiar.

The focus is now on major funds, rather than generic fund types. All the funds are reported in two categories: governmental funds and proprietary funds.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the GWFS. The governmental major fund presentation in Statements C through F is presented on a sources and uses of resources basis. This is the manner in which the financial budget is typically developed. Unlike the GWFS, governmental FFS focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the current financing requirements. The following are major governmental funds: General Fund, Section 8 Housing Fund, and Capital Projects Fund.

All non-major governmental funds are presented in one column, titled Non-Major Funds. Combining financial statements of the non-major funds can be found in the Combining and Individual Fund Statements and Schedules that follow the basic financial statements.

Proprietary Funds report both Enterprise and Internal Service funds on the FFS illustrated in Statements G through I. *Enterprise funds* are used to account for operations financed and operated in a manner similar to private business enterprises. These Enterprise Funds are presented as major funds and consist of the Municipal Waterworks Fund, Municipal Gas and Sewerage System Fund, and Garbage Collection Fund. The intent is that costs of goods or services to the general public on a continuing basis be financed primarily through user charges. The *Internal Service Fund* is used to account for the financing of goods or services provided by Risk Management (self-insurance) to other funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities section in the government-wide financial statements.

Capital Assets

General capital assets include land, improvements to land, easements, buildings, vehicles, machinery and equipment, infrastructure and all other tangible assets that are used in operations and that exceed the capitalization threshold explained in Note 1i accompanying the financial statements. All projects completed and acquisitions occurring in calendar year ended December 31, 2021 have been capitalized.

Other Information

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes to the financial statements are a required part of the basic financial statements and can be found following Statement I in this report.

Supplementary and Other Information

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules include Statements 2.1 through 2.2 and Schedules 2.3 through 3.1 of the report. Other supplementary financial information can be found in Statement 4.1 through 4.3 and Schedules 4.4 through 4.9 of this report.

Also included in the report are the auditors' reports in accordance with *Government Auditing Standards* and the Uniform Guidance, findings, and schedules.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position for 2021, with comparative figures from 2020:

| <u>Condensed Statements of Net Position</u> | | | | | | |
|--|----------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| (in millions) | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Assets | | | | | | |
| Current and Other | \$ 21.8 | \$19.9 | \$ 8.0 | \$ 6.4 | \$ 29.8 | \$ 26.3 |
| Restricted | - | - | 4.2 | 3.7 | 4.2 | 3.7 |
| Capital | 34.7 | 35.7 | 32.3 | 32.0 | 67.0 | 67.7 |
| Total Assets | <u>56.5</u> | <u>55.6</u> | <u>44.5</u> | <u>42.1</u> | <u>101.0</u> | <u>97.7</u> |
| Deferred Outflows | <u>2.5</u> | <u>4.3</u> | <u>0.5</u> | <u>0.7</u> | <u>3.0</u> | <u>5.0</u> |
| Liabilities | | | | | | |
| Current | 3.6 | 1.7 | 2.9 | 1.5 | 4.8 | 3.2 |
| Long-term | 21.9 | 28.5 | 18.2 | 17.4 | 40.1 | 45.9 |
| Total Liabilities | <u>25.5</u> | <u>30.2</u> | <u>21.1</u> | <u>18.9</u> | <u>44.9</u> | <u>49.1</u> |
| Deferred Inflows | <u>5.0</u> | <u>1.2</u> | <u>1.0</u> | <u>0.5</u> | <u>7.7</u> | <u>1.7</u> |
| Net Position | | | | | | |
| Net Invested in Capital | 34.7 | 35.7 | 17.6 | 19.0 | 52.3 | 54.7 |
| Restricted | 0.3 | 1.6 | 2.8 | 2.6 | 3.1 | 4.2 |
| Unrestricted | (6.5) | (8.8) | 2.5 | 1.8 | (4.0) | (7.0) |
| Total Net Position | <u>\$ 28.5</u> | <u>\$ 28.5</u> | <u>\$ 22.9</u> | <u>\$ 23.4</u> | <u>\$ 51.4</u> | <u>\$ 51.9</u> |

For more detailed information, see Statement A, Statement of Net Position.

Approximately **101.8%** of total net position as of December 31, 2021 reflects the net invested in capital assets (land, construction in progress, buildings, infrastructure, machinery and equipment less accumulated depreciation) less any related outstanding debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Another **6.0%** of the total net position is subject to external restrictions as to their use. The remaining unrestricted net assets is a **negative 7.8%** of total net position.

While net investment in capital assets decreased approximately **\$2.4** million, unrestricted net position improved by approximately **\$3.0** million primarily due to increased sales tax revenues.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

The table below provides a summary of the changes in net assets for the year ended December 31, 2021, with comparative figures:

| | <u>Condensed Statements of Activities</u> | | | | | |
|------------------------------------|--|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | (in millions) | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| Revenue | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Program Revenue: | | | | | | |
| Charges for Services | \$ 1.6 | \$ 1.3 | \$ 9.1 | \$ 8.1 | \$ 10.7 | \$ 9.4 |
| Operating Grants and Contributions | 2.4 | 2.2 | - | - | 2.4 | 2.2 |
| Capital Grants and Contributions | 0.7 | 0.8 | 0.2 | 0.7 | 0.9 | 1.5 |
| General Revenue: | | | | | | |
| Property Taxes | - | 1.7 | - | - | - | 1.7 |
| Sales Taxes | 18.0 | 15.6 | - | - | 18.0 | 15.6 |
| Franchise and Other Taxes | 1.2 | 1.0 | - | - | 1.2 | 1.0 |
| Investment Earnings | - | - | - | - | - | - |
| Other | 0.5 | 2.4 | 0.2 | 0.1 | 0.7 | 2.5 |
| Total Revenue | <u>24.4</u> | <u>25.0</u> | <u>9.5</u> | <u>8.9</u> | <u>33.9</u> | <u>33.9</u> |
| Expenses | | | | | | |
| General Government | 7.5 | 4.5 | - | - | 7.5 | 4.5 |
| Public Safety | 7.2 | 7.9 | - | - | 7.2 | 7.9 |
| Public Works | 5.0 | 4.6 | - | - | 5.0 | 4.6 |
| Culture & Recreation | 3.2 | 2.7 | - | - | 3.2 | 2.7 |
| Health & Welfare | 1.5 | 1.3 | - | - | 1.5 | 1.3 |
| Waterworks | - | - | 3.5 | 3.3 | 3.5 | 3.3 |
| Gas & Sewerage | - | - | 4.9 | 3.9 | 4.9 | 3.9 |
| Garbage Collection | - | - | 1.6 | 1.5 | 1.6 | 1.5 |
| Total Expenses | <u>24.4</u> | <u>21.0</u> | <u>10.0</u> | <u>8.7</u> | <u>34.4</u> | <u>29.7</u> |
| Increase in Net Position | 0.0 | 4.0 | (0.5) | 0.2 | (0.5) | 4.2 |
| Beginning Net Position | <u>28.5</u> | <u>24.5</u> | <u>23.4</u> | <u>23.2</u> | <u>51.9</u> | <u>47.7</u> |
| Ending Net Position | <u>\$ 28.5</u> | <u>\$ 28.5</u> | <u>\$ 22.9</u> | <u>\$ 23.4</u> | <u>\$ 51.4</u> | <u>\$ 51.9</u> |

The government's total net position decreased by \$0.5 million during the current fiscal year. Due to Hurricane Ida, 2021 property taxes were not levied until 2022. There is no change in net position for governmental activities. However, there is a decrease in the net position for *Business-Type Activities* of \$0.5 million. This decrease in net position is due to increases in the cost to supply sewer and water to the City's citizens.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Financial Analysis of the Governmental Funds

Governmental Funds: The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The combined fund balance of the governmental funds was nearly **\$17.7 million**, a decrease of nearly **\$0.4 million** from the prior year. Approximately **94.8%** (**\$16.8 million**) of total fund balance was unassigned and available for spending in future periods. The restricted fund balance was **\$58,548** due to restrictions by external parties and over **\$261,708** due to ad valorem taxes dedicated for Public Safety and Public Works. Fund balance of **\$592,904 million** was committed for Public Works. The assigned fund balance of **\$5,627** represents amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

The General Fund is the chief operating fund and is always a major fund. At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately **\$16.8 million**, an increase of approximately **\$0.3 million** from the prior year. This represents over **77.3%** of total General Fund expenditures.

Other major funds include the Section 8 Housing Special Revenue Fund and Capital Projects Fund. At the end of the current fiscal year, the fund balance of the Section 8 Housing Fund, all of which is restricted specifically for the Section 8 federal program was **\$58,548**, a decrease of **\$53,883** from the prior year.

The fund balance of the Capital Projects Fund increased by over **\$0.4 million** from the prior year. The ending fund balance of the Capital Projects fund of **\$0.5 million** was included in the committed for Public Works classification of Fund Balance. The Capital Projects Fund accounts mainly for roadway improvements.

Financial Analysis of the Proprietary Funds

Proprietary Funds: The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Municipal Waterworks Fund is used to account for water services to all areas of the City. This fund encompasses all assets associated with potable water production and distribution.

The Municipal Waterworks Fund had unrestricted net position of over **\$1.3 million**. Net Invested in Capital Assets at the end of the current fiscal year was over **\$6.6 million**, **\$0.1 million** was restricted for debt service, and **\$0.1 million** was restricted for system maintenance. This fund ended the year with **\$0.7 million** in operating loss as charges did not cover current operating expenses.

The Municipal Gas & Sewerage System Fund is used to account for gas and sewerage services to all areas of the City. This fund encompasses all assets associated with sewerage and natural gas operations, maintenance and capital improvements.

The Municipal Gas & Sewerage System Fund had unrestricted net position of **\$0.7 million**. The Gas System ended the year with a **\$0.3 million** operating income and the Sewerage System ended with **\$0.2 million** operating loss for a combined operating income at year-end of **\$0.1 million**. Investment in capital assets, net of related debt, at the end of the current fiscal year was **\$10.9 million**, **\$0.4 million** was restricted for debt service, and over **\$2.1 million** was restricted for system maintenance.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

The Garbage Collection Fund is used to account for garbage collection services to all areas of the City. This fund encompasses all assets associated with garbage collection.

The Garbage Collection Fund had nearly \$0.7 million in unrestricted net assets. The fund ended the year with an operating income of \$27,600. There was no investment in capital assets at the end of the current fiscal year.

General Fund Budgetary Highlights

The budget was amended two times during the year. The primary reason for amending the budget was due to an increase in expected sales tax revenues and an increase in expenditures due to damage caused by Hurricane Ida. Some of the significant variances are listed below:

REVENUES

- Taxes had a favorable variance of \$2,012,913 due to continued growth within the City.
- Total revenues and transfers in were amended by \$1,853,437 from \$18,879,651 to \$20,733,088. This was in response to an increase in sales tax expectations.

EXPENDITURES

- There were no significant unfavorable variances at the end of the year.
- Due to increases in expenditures as the result of Hurricane Ida, total expenditures and transfers out were amended by \$2,793,084 from \$21,551,757 to \$24,344,841.

Capital Asset and Debt Administration

Capital Assets: The capital assets for governmental and business-type activities was nearly \$67.0 million (net of accumulated depreciation). Capital assets includes land, construction in progress, infrastructure, buildings and improvements, furnishings and equipment, gas and water utility systems, sewer system facilities, roads, highways and drainage systems. The total decrease in capital assets (net of depreciation) for the current fiscal year was \$0.7 million, with a \$1.0 million decrease for governmental activities and a \$0.3 million increase for business-type activities.

Major capital asset additions, completions, or purchases during the current fiscal year included the following:

Governmental Activities

- | | |
|-------------------------------------|--------------|
| • Street Sweeper | \$ 213,680 |
| • MLK Recreation Center Renovation | \$ 119,700 |
| • 2019 Road Improvements | \$ 1,050,583 |
| • S. Barbier to Tiger Dr. Sidewalks | \$ 162,354 |
| • Minor's Field Turfing | \$ 161,500 |

Business-Type Activities

- | | |
|------------------------------------|--------------|
| • North Wastewater Treatment Plant | \$10,659,136 |
|------------------------------------|--------------|

The amounts expended to date for current projects in progress at year-end:

Governmental Activities

- | | |
|-------------------------------|------------|
| • Acadia Road Roundabout | \$ 603,674 |
| • DOTD Airport Mitigation | \$ 308,563 |
| • LPSB Middle School Drainage | \$ 173,147 |
| • Menard Pedestrian Path | \$ 49,908 |

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

- **Canal Bridge Replacement** \$ 51,276
- **Pool Renovations** \$ 135,800
- **Water Reservoir Improvements** \$ 25,592

Capital Asset and Debt Administration (continued)

Business-Type Activities

- **Waterline Replacement N. Thibodaux** \$ 98,444
- **NWWTP Building** \$ 3,089
- **North 9th Sewer Force Main** \$ 69,920
- **Trickling Media Filter** \$ 112,075

Contract commitments remaining in relation to the above projects at year-end total **\$408,106**.

Capital Assets (Net of Depreciation)

(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 4.4 | \$ 4.4 | \$ 0.4 | \$ 0.4 | \$ 4.8 | \$ 4.8 |
| Buildings & improvements | 3.1 | 3.2 | - | - | 3.1 | 3.2 |
| Infrastructure | 24.0 | 24.4 | - | - | 24.0 | 24.4 |
| Furnishing & equipment | 1.8 | 1.7 | - | - | 1.8 | 1.7 |
| Water production and distribution system | - | - | 10.7 | 11.5 | 10.7 | 11.5 |
| Sewer system & equipment | - | - | 18.3 | 7.8 | 18.3 | 7.8 |
| Gas distribution system | - | - | 2.6 | 2.9 | 2.6 | 2.9 |
| Construction in progress | 1.4 | 2.0 | 0.3 | 9.4 | 1.7 | 11.4 |
| | <u>\$ 34.7</u> | <u>\$ 35.7</u> | <u>\$ 32.3</u> | <u>\$ 32.0</u> | <u>\$ 67.0</u> | <u>\$ 67.7</u> |

Additional information on the City's capital assets can be found in **Note 10** of this report.

Long-term Debt: At the end of the current fiscal year, the City had total bonded debt outstanding of **\$12.58** million.

Summary of Outstanding Debt

(in millions)

| | Business-type Activities | |
|--------------------------------------|--------------------------|-----------------|
| | 2021 | 2020 |
| Water Revenue Bond, Series 2010B | \$ 2.55 | \$ 2.81 |
| Utilities Revenue Bonds, Series 2013 | 4.26 | 4.54 |
| Utilities Revenue Bonds, Series 2019 | 5.77 | 3.31 |
| | <u>\$ 12.58</u> | <u>\$ 10.66</u> |

The bond issues are serviced by user fees assessed for sewer collection and treatment and are backed by the full faith and credit of the City.

CITY OF THIBODAUX
Thibodaux, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Economic Factors and Next Year's General Fund Budget and Rates

The proposed General Fund budget for the year ending December 31, 2022, results in an operating surplus of **\$1.9** million. Highlights of next year's General Fund budget include:

**Condensed Summary of General Fund
Budgeted Finances**

| | <u>FY 2022</u> |
|------------------------|----------------------|
| Anticipated revenues | \$ 23,443,310 |
| Expenditures: | |
| Current | 19,810,899 |
| Capital outlay | 502,500 |
| Transfers out | <u>1,278,753</u> |
| Excess of expenditures | 1,851,158 |
| Fund balance: | |
| Beginning of the year | <u>13,151,313</u> |
| End of the year | <u>\$ 15,002,471</u> |

In addition, we call your attention to the following key assumptions made in completing next year's budget:

- The budget planning began with the assumption that some of our revenues would produce little or no growth. In the years past, these revenues have shown significant highs and lows. With this in mind, it has been the City's practice to budget no increase for these proceeds.
- Sales Tax collections support the operations of the General Fund and the Capital Projects Fund. The City experienced a 14.82% increase in growth in sales tax collections from 2020 to 2021. For prudent planning, the budget includes a slight increase in 2022 collections as compared to the 2021 estimated projections due to anticipated sales tax revenue received from Lafourche Parish Sales Tax office audits in 2021.
- Ad Valorem taxes are proposed at 200% growth for 2022 as compared to 2020 due to Lafourche Parish Assessor not sending out tax notices in 2021.
- 3% increase in salaries was budgeted.
- Retirement contributions is expected to increase 0% (MERS), 1.5% (MPERS), 1.2% (LASERS).
- Approximately \$2.7 million in capital expenditures was budgeted in 2022 for the Tricking Filter Media System / UV Lights at SWWTP.
- Approximately 1.9 million in capital expenditures was budgeted in 2022 for the North Thibodaux Waterline Project.
- Approximately \$1.5 million in capital expenditures was budgeted in 2022 for various Capital Street Improvement Projects.
- Insurance expenditures are budgeted to increase 10% - 20%.

Requests for Information

This financial report is designed to provide a general overview of the City of Thibodaux's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Council Administrator, P.O. Box 5418, Thibodaux, Louisiana, 70302. General information relating to the City can be found at the City website, www.ci.thibodaux.la.us.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

CITY OF THIBODAUX
Thibodaux, Louisiana
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Statement A

Component
Units

| | Primary Government | | | Total |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 8,962,910 | \$ 5,638,990 | \$ 14,601,900 | \$ 6,329,163 |
| Investments | 8,427,202 | 1,040,841 | 9,468,043 | 474,637 |
| Receivables, net | 270,997 | 1,335,766 | 1,606,763 | 26,047 |
| Due from other governments | 4,160,894 | - | 4,160,894 | 762 |
| Internal balances | - | - | - | 109,096 |
| Prepaid expenses and other assets | 38 | - | 38 | 10,075 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 3,329,590 | 3,329,590 | - |
| Investments | - | 863,913 | 863,913 | - |
| Capital assets | | | | |
| Non-depreciable | 5,763,954 | 686,861 | 6,450,815 | 1,230,748 |
| Net depreciable | 28,939,380 | 31,566,130 | 60,505,510 | 6,660,390 |
| Total assets | <u>56,525,375</u> | <u>44,462,091</u> | <u>100,987,466</u> | <u>14,840,918</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Other postemployment benefits (OPEB) related | 639,215 | 218,834 | 858,049 | - |
| Pension related | 1,864,618 | 271,871 | 2,136,489 | 7,566 |
| Total deferred outflows of resources | <u>2,503,833</u> | <u>490,705</u> | <u>2,994,538</u> | <u>7,566</u> |
| LIABILITIES | | | | |
| Accounts payables and accrued expenses | 3,588,160 | 739,303 | 4,327,463 | 33,324 |
| Claims liability | 25,659 | - | 25,659 | - |
| Due to other governments | - | - | - | 7,215 |
| Unearned revenue | - | 1,706,045 | 1,706,045 | - |
| Liabilities payable from restricted assets | - | 443,163 | 443,163 | - |
| Long term liabilities: | | | | |
| Bonds, leases and compensated absences: | | | | |
| Due within one year | 290,264 | 1,396,437 | 1,686,701 | - |
| Due in more than one year | 208,297 | 13,298,153 | 13,506,450 | - |
| Total OPEB liability: | | | | |
| Due within one year | 269,080 | 44,421 | 313,501 | - |
| Due in more than one year | 11,754,541 | 1,940,504 | 13,695,045 | - |
| Net pension liability | 9,403,153 | 1,491,551 | 10,894,704 | 85,367 |
| Total liabilities | <u>25,539,154</u> | <u>21,059,577</u> | <u>46,598,731</u> | <u>125,906</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| OPEB related | 280,275 | 470,051 | 750,326 | - |
| Pension related | 4,641,320 | 490,250 | 5,131,570 | 19,908 |
| Resources recovered prior to time requirements | 33,265 | - | 33,265 | - |
| Total deferred inflows of resources | <u>4,954,860</u> | <u>960,301</u> | <u>5,915,161</u> | <u>19,908</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 34,703,334 | 17,668,948 | 52,372,282 | 7,891,138 |
| Restricted for: | | | | |
| Debt service | - | 538,019 | 538,019 | - |
| Utility system maintenance | - | 2,239,620 | 2,239,620 | - |
| Court services | - | - | - | 118,892 |
| Federal grants | 58,548 | - | 58,548 | - |
| Public safety and public works | 261,708 | - | 261,708 | 3,256,440 |
| Unrestricted (deficit) | (6,488,396) | 2,486,331 | (4,002,065) | 3,436,200 |
| Total net position | <u>\$ 28,535,194</u> | <u>\$ 22,932,918</u> | <u>\$ 51,468,112</u> | <u>\$ 14,702,670</u> |

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

CITY OF THIBODAUX
Thibodaux, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Statement B

| Functions / Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | Component |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Units |
| | | | | | Governmental Activities | Business-Type Activities | Total | Total |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 7,485,269 | \$ 1,268,178 | \$ 68,663 | \$ - | \$ (6,148,428) | \$ - | \$ (6,148,428) | \$ - |
| Public safety | 7,186,370 | 11,686 | 521,080 | 1,216 | (6,652,388) | - | (6,652,388) | - |
| Public works | 4,978,847 | 120,559 | 82,792 | 687,049 | (4,088,447) | - | (4,088,447) | - |
| Culture and recreation | 3,195,882 | 178,075 | 298,748 | - | (2,719,059) | - | (2,719,059) | - |
| Health and welfare | 1,495,815 | - | 1,436,259 | - | (59,556) | - | (59,556) | - |
| Total governmental activities | <u>24,342,183</u> | <u>1,578,498</u> | <u>2,407,542</u> | <u>688,265</u> | <u>(19,667,878)</u> | <u>-</u> | <u>(19,667,878)</u> | <u>-</u> |
| Business-type activities: | | | | | | | | |
| Waterworks | 3,445,564 | 2,643,505 | 119,290 | - | - | (682,769) | (682,769) | - |
| Gas and sewerage | 4,906,231 | 4,862,095 | 80,925 | - | - | 36,789 | 36,789 | - |
| Garbage collection | 1,562,532 | 1,585,126 | - | - | - | 22,594 | 22,594 | - |
| Total business-type activities | <u>9,914,327</u> | <u>9,090,726</u> | <u>200,215</u> | <u>-</u> | <u>-</u> | <u>(623,386)</u> | <u>(623,386)</u> | <u>-</u> |
| Total | <u>\$ 34,256,510</u> | <u>\$ 10,669,224</u> | <u>\$ 2,607,757</u> | <u>\$ 688,265</u> | <u>(19,667,878)</u> | <u>(623,386)</u> | <u>(20,291,264)</u> | <u>-</u> |
| Component units: | | | | | | | | |
| Court services | \$ 928,482 | \$ 110,068 | \$ 834,267 | \$ - | - | - | - | 15,853 |
| Public safety | 1,525,249 | 118,925 | 137,848 | - | - | - | - | (1,268,476) |
| Total component units | <u>\$ 2,453,731</u> | <u>\$ 228,993</u> | <u>\$ 972,115</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,252,623)</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Ad valorem | | | | | - | - | - | 794,613 |
| Sales | | | | | 17,950,702 | - | 17,950,702 | - |
| Franchise taxes | | | | | 580,608 | - | 580,608 | - |
| Other taxes | | | | | 628,433 | - | 628,433 | - |
| Investment earnings | | | | | 12,761 | 13,364 | 26,125 | 16,480 |
| Gain on sale of assets | | | | | - | - | - | 859,735 |
| Donated assets | | | | | 8,000 | - | 8,000 | - |
| Miscellaneous | | | | | 522,242 | 142,993 | 665,235 | 375,290 |
| Total general revenues and transfers | | | | | <u>19,702,746</u> | <u>156,357</u> | <u>19,859,103</u> | <u>2,046,118</u> |
| Change in net position | | | | | 34,868 | (467,029) | (432,161) | 793,495 |
| Net position - December 31, 2020 | | | | | 28,500,326 | 23,399,947 | 51,900,273 | 13,909,175 |
| Net position - December 31, 2021 | | | | | <u>\$ 28,535,194</u> | <u>\$ 22,932,918</u> | <u>\$ 51,468,112</u> | <u>\$ 14,702,670</u> |

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

FUND FINANCIAL STATEMENTS (FFS)

CITY OF THIBODAUX
Thibodaux, Louisiana
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

Statement C

| | Major Funds | | | | Total |
|---|----------------------|----------------------|--------------------------|-------------------|----------------------|
| | 01 | 17 | 65 | Non-Major | |
| | General Fund | Section 8 Housing | Capital Projects Fund | Funds | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 7,515,647 | \$ 66,735 | \$ 464,948 | \$ 390,582 | \$ 8,437,912 |
| Investments | 8,427,202 | - | - | - | 8,427,202 |
| Receivables, net | 257,291 | - | - | 9,819 | 267,110 |
| Due from other governments | 4,121,770 | - | 10,598 | 28,526 | 4,160,894 |
| Due from other funds | 696 | - | - | - | 696 |
| Other assets | 38 | - | - | - | 38 |
| Total assets | <u>\$ 20,322,644</u> | <u>\$ 66,735</u> | <u>\$ 475,546</u> | <u>\$ 428,927</u> | <u>\$ 21,293,852</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | \$ 3,363,882 | \$ 6,871 | \$ 28,067 | \$ 5,311 | \$ 3,404,131 |
| Accrued salaries and benefits | 150,797 | 1,316 | - | 613 | 152,726 |
| Due to other funds | - | - | - | 696 | 696 |
| Total liabilities | <u>3,514,679</u> | <u>8,187</u> | <u>28,067</u> | <u>6,620</u> | <u>3,557,553</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Resources recovered prior to time requirements | 51,978 | - | - | 9,547 | 61,525 |
| Total deferred inflows of resources | <u>51,978</u> | <u>-</u> | <u>-</u> | <u>9,547</u> | <u>61,525</u> |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Federal and State grant programs | - | 58,548 | - | - | 58,548 |
| Public safety | - | - | - | 898 | 898 |
| Public works | - | - | - | 260,810 | 260,810 |
| Committed for: | | | | | |
| Public works | - | - | 447,479 | 145,425 | 592,904 |
| Assigned for: | | | | | |
| Public safety | - | - | - | 5,627 | 5,627 |
| Unassigned | 16,755,987 | - | - | - | 16,755,987 |
| Total fund balances | <u>16,755,987</u> | <u>58,548</u> | <u>447,479</u> | <u>412,760</u> | <u>17,674,774</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 20,322,644</u> | <u>\$ 66,735</u> | <u>\$ 475,546</u> | <u>\$ 428,927</u> | <u>\$ 21,293,852</u> |

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

CITY OF THIBODAUX
Thibodaux, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Statement D

| | | |
|--|---------------------|-----------------------------|
| Total fund balance for governmental funds | | \$ 17,674,774 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds: | | |
| Cost of non-depreciable capital assets | 5,763,954 | |
| Cost of depreciable capital assets | 73,921,550 | |
| Less: Accumulated depreciation | <u>(44,982,170)</u> | 34,703,334 |
| The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position | | |
| | | 471,923 |
| Ad valorem tax revenues were collected more than sixty days after year-end, and, therefore, are not available soon enough to pay current period expenditures | | |
| | | 28,260 |
| Elimination of interfund assets and liabilities: | | |
| Due from other funds | 696 | |
| Due to other funds | <u>(696)</u> | - |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as a fund liability: | | |
| Compensated absences payable: | | |
| Due within one year | (290,264) | |
| Due in more than one year | <u>(208,297)</u> | (498,561) |
| Total other postemployment benefits (OPEB) liability: | | |
| Due within one year | (269,080) | |
| Due in more than one year | <u>(11,754,541)</u> | (12,023,621) |
| Net pension liability: | | |
| Due in more than one year | | (9,403,153) |
| Deferred outflows and inflows of resources related to OPEB and pensions are applicable to future periods and, therefore, are not reported in the funds | | |
| Deferred outflows - pension related | 1,864,618 | |
| Deferred outflows - OPEB related | 639,215 | |
| Deferred inflows - pension related | (4,641,320) | |
| Deferred inflows - OPEB related | <u>(280,275)</u> | <u>(2,417,762)</u> |
| Total net position of governmental activities | | <u><u>\$ 28,535,194</u></u> |

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

CITY OF THIBODAUX
Thibodaux, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Statement E

| | Major Funds | | | Non-Major Funds | Total |
|---|----------------------|----------------------------|--------------------------------|--------------------|----------------------|
| | 01 General Fund | 17 Section 8 Housing | 65 Capital Projects Fund | | |
| REVENUES | | | | | |
| Taxes | \$ 19,188,065 | \$ - | \$ - | \$ 35,340 | \$ 19,223,405 |
| Licenses and permits | 1,149,298 | - | - | - | 1,149,298 |
| Intergovernmental | | | | | |
| Federal government | 1,216 | 1,386,369 | 10,598 | 231,130 | 1,629,313 |
| State government | 417,527 | - | 250,000 | 131,770 | 799,297 |
| Local government | 265,366 | - | 100,000 | - | 365,366 |
| Charges for services | 310,320 | - | - | - | 310,320 |
| Fines and forfeitures | 118,880 | - | - | - | 118,880 |
| Investment income | 11,322 | 100 | 261 | 809 | 12,492 |
| Miscellaneous | 444,265 | 36,826 | - | 4,012 | 485,103 |
| Total revenues | <u>21,906,259</u> | <u>1,423,295</u> | <u>360,859</u> | <u>403,061</u> | <u>24,093,474</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 7,453,663 | - | - | - | 7,453,663 |
| Public safety | 7,828,711 | - | - | 5,030 | 7,833,741 |
| Public works | 2,523,120 | - | 145,296 | 434,351 | 3,102,767 |
| Culture and recreation | 2,772,573 | - | - | - | 2,772,573 |
| Health and welfare | - | 1,458,834 | - | 47,544 | 1,506,378 |
| Capital outlay | 1,097,631 | 18,344 | 181,754 | 162,354 | 1,460,083 |
| Total expenditures | <u>21,675,698</u> | <u>1,477,178</u> | <u>327,050</u> | <u>649,279</u> | <u>24,129,205</u> |
| Excess (deficiency) of revenues over expenditures | <u>230,561</u> | <u>(53,883)</u> | <u>33,809</u> | <u>(246,218)</u> | <u>(35,731)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from disposal of capital assets | 37,139 | - | - | - | 37,139 |
| Transfers in | 794,613 | - | 391,385 | 24,000 | 1,209,998 |
| Transfers out | (766,069) | - | - | (794,613) | (1,560,682) |
| Total other financing sources (uses) | <u>65,683</u> | <u>-</u> | <u>391,385</u> | <u>(770,613)</u> | <u>(313,545)</u> |
| NET CHANGE IN FUND BALANCES | <u>296,244</u> | <u>(53,883)</u> | <u>425,194</u> | <u>(1,016,831)</u> | <u>(349,276)</u> |
| FUND BALANCES | | | | | |
| Fund balances, beginning of year | 16,459,743 | 112,431 | 22,285 | 1,429,591 | 18,024,050 |
| Fund balances, end of year | <u>\$ 16,755,987</u> | <u>\$ 58,548</u> | <u>\$ 447,479</u> | <u>\$ 412,760</u> | <u>\$ 17,674,774</u> |

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

CITY OF THIBODAUX
Thibodaux, Louisiana

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Statement F |
|--|-----------------------------------|
| Net change in fund balances - governmental funds | \$ (349,276) |
| The change in net position reported for governmental activities in the statement of activities is different because: | |
| Net change in the deferral of ad valorem taxes due to collections beyond 60 days | (63,662) |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense: | |
| Capital outlay and other capitalized purchases, adjustments and reclassifications | 1,468,083 |
| Depreciation expense, including adjustments and reclassifications | <u>(2,503,122)</u> (1,035,039) |
| The net change in net position of the internal service fund is reported with governmental activities | 322,887 |
| Changes in long-term liabilities: | |
| Change in compensated absences payable | (20,451) |
| Net change in other postemployment benefits and deferred inflows/outflows of resources | (591,724) |
| Net change in pension liability and deferred inflows/outflows of resources | <u>1,772,133</u> <u>1,159,958</u> |
| Total change in net position of governmental activities | <u><u>\$ 34,868</u></u> |

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

CITY OF THIBODAUX
Thibodaux, Louisiana

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021

| | Business-type Activities - Enterprise Funds | | | | Statement G Governmental Activities |
|---|---|--|----------------------------|----------------------|---|
| | 41 | 43 | 15 | Total | 46 |
| | Municipal Waterworks Fund | Municipal Gas and Sewerage System Fund | Garbage Collection Fund | | Internal Service Fund |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 2,217,274 | \$ 2,689,412 | \$ 732,304 | \$ 5,638,990 | \$ 524,998 |
| Investments | 1,040,841 | - | - | 1,040,841 | - |
| Accounts receivable, net: | 348,842 | 782,969 | 203,955 | 1,335,766 | 3,887 |
| Total unrestricted assets | <u>3,606,957</u> | <u>3,472,381</u> | <u>936,259</u> | <u>8,015,597</u> | <u>528,885</u> |
| Restricted assets | | | | | |
| Cash and cash equivalents | 416,935 | 1,021,002 | - | 1,437,937 | - |
| Investments | 223,772 | 292,174 | - | 515,946 | - |
| Total restricted assets | <u>640,707</u> | <u>1,313,176</u> | <u>-</u> | <u>1,953,883</u> | <u>-</u> |
| Total current assets | <u>4,247,664</u> | <u>4,785,557</u> | <u>936,259</u> | <u>9,969,480</u> | <u>528,885</u> |
| Noncurrent assets | | | | | |
| Restricted assets | | | | | |
| Cash and cash equivalents | 106,625 | 1,785,028 | - | 1,891,653 | - |
| Investments | - | 347,967 | - | 347,967 | - |
| Total restricted assets | <u>106,625</u> | <u>2,132,995</u> | <u>-</u> | <u>2,239,620</u> | <u>-</u> |
| Capital assets | | | | | |
| Non-depreciable | 130,340 | 556,521 | - | 686,861 | - |
| Depreciable, net | 10,629,469 | 20,936,661 | - | 31,566,130 | - |
| Total capital assets | <u>10,759,809</u> | <u>21,493,182</u> | <u>-</u> | <u>32,252,991</u> | <u>-</u> |
| Total noncurrent assets | <u>10,866,434</u> | <u>23,626,177</u> | <u>-</u> | <u>34,492,611</u> | <u>-</u> |
| Total assets | <u>15,114,098</u> | <u>28,411,734</u> | <u>936,259</u> | <u>44,462,091</u> | <u>528,885</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Other postemployment benefits related | 112,256 | 106,578 | - | 218,834 | - |
| Pension related | 134,644 | 137,227 | - | 271,871 | - |
| Total deferred outflows of resources | <u>246,900</u> | <u>243,805</u> | <u>-</u> | <u>490,705</u> | <u>-</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Current liabilities payable from current assets: | | | | | |
| Accounts payable and accrued expenses | 124,375 | 307,570 | 286,053 | 717,998 | 31,303 |
| Accrued salaries and benefits | 10,335 | 10,970 | - | 21,305 | - |
| Claims liability | - | - | - | - | 25,659 |
| Capital lease payable within one year | 274,133 | 99,773 | - | 373,906 | - |
| Compensated absences payable within one year | 24,571 | 24,960 | - | 49,531 | - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | 855,235 | 850,810 | - | 1,706,045 | - |
| Total payable from current assets | <u>1,288,649</u> | <u>1,294,083</u> | <u>286,053</u> | <u>2,868,785</u> | <u>56,962</u> |
| Current liabilities payable from restricted assets: | | | | | |
| Revenue bonds payable within one year | 257,000 | 716,000 | - | 973,000 | - |
| Accrued interest on bonds | 7,344 | 31,301 | - | 38,645 | - |
| Customer meter deposits | 254,889 | 149,629 | - | 404,518 | - |
| Total payable from restricted assets | <u>519,233</u> | <u>896,930</u> | <u>-</u> | <u>1,416,163</u> | <u>-</u> |
| Noncurrent liabilities | | | | | |
| Revenue bonds payable after one year | 2,297,276 | 9,317,651 | - | 11,614,927 | - |
| Compensated absences payable after one year | 36,729 | 24,287 | - | 61,016 | - |
| Capital lease payable after one year | 1,189,340 | 432,870 | - | 1,622,210 | - |
| Net pension liability | 803,209 | 688,342 | - | 1,491,551 | - |
| Other postemployment benefits liability: | | | | | |
| OPEB due within one year | 16,913 | 27,508 | - | 44,421 | - |
| OPEB due after one year | 738,846 | 1,201,658 | - | 1,940,504 | - |
| Total noncurrent liabilities | <u>5,082,313</u> | <u>11,692,316</u> | <u>-</u> | <u>16,774,629</u> | <u>-</u> |
| Total liabilities | <u>6,890,195</u> | <u>13,883,329</u> | <u>286,053</u> | <u>21,059,577</u> | <u>56,962</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Other postemployment benefits related | 60,470 | 409,581 | - | 470,051 | - |
| Pension related | 225,599 | 264,651 | - | 490,250 | - |
| Total deferred inflows of resources | <u>286,069</u> | <u>674,232</u> | <u>-</u> | <u>960,301</u> | <u>-</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 6,742,060 | 10,926,888 | - | 17,668,948 | - |
| Restricted for debt service | 121,674 | 416,345 | - | 538,019 | - |
| Restricted for system maintenance | 106,625 | 2,132,995 | - | 2,239,620 | - |
| Unrestricted | 1,214,375 | 621,750 | 650,206 | 2,486,331 | 471,923 |
| Total net position | <u>\$ 8,184,734</u> | <u>\$ 14,097,978</u> | <u>\$ 650,206</u> | <u>\$ 22,932,918</u> | <u>\$ 471,923</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|--|-------------------------------|---------------|----------------------------|
| | 41 | 43 | 15 | Total | 46 |
| | Municipal Waterworks Fund | Municipal Gas and Sewerage System Fund | Garbage Collection Fund | | Internal Service Fund |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 2,643,505 | \$ 4,862,095 | \$ 1,585,126 | \$ 9,090,726 | \$ - |
| OPERATING EXPENSES | | | | | |
| Gas purchased | - | 1,577,762 | - | 1,577,762 | - |
| Contractual service | - | - | 1,550,785 | 1,550,785 | - |
| Personal services | 968,608 | 966,298 | - | 1,934,906 | - |
| Operating supplies | 466,502 | 251,121 | 7,658 | 725,281 | - |
| Equipment expenses | 339,681 | 433,928 | - | 773,609 | - |
| Building expenses | 265,811 | 317,210 | - | 583,021 | - |
| Outside services | 31,131 | 238,971 | - | 270,102 | - |
| General operating | 316,391 | 150,601 | 4,089 | 471,081 | 28,066 |
| General administrative | 9,052 | 11,958 | - | 21,010 | - |
| Depreciation | 902,606 | 852,128 | - | 1,754,734 | - |
| Total operating expenses | 3,299,782 | 4,799,977 | 1,562,532 | 9,662,291 | 28,066 |
| Operating income (loss) | (656,277) | 62,118 | 22,594 | (571,565) | (28,066) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 6,865 | 5,773 | 726 | 13,364 | 269 |
| Other non-operating revenues | 88,651 | 50,062 | 4,280 | 142,993 | - |
| Intergovernmental | 98,444 | 57,490 | - | 155,934 | - |
| Revenues from non-employer contributing entities | 20,846 | 23,435 | - | 44,281 | - |
| Interest and fiscal charges | (145,782) | (106,254) | - | (252,036) | - |
| Total non-operating revenues (expenses) | 69,024 | 30,506 | 5,006 | 104,536 | 269 |
| Income (loss) before operating transfers | (587,253) | 92,624 | 27,600 | (467,029) | (27,797) |
| TRANSFERS | | | | | |
| Transfers in | - | - | - | - | 350,684 |
| Net transfers | - | - | - | - | 350,684 |
| CHANGE IN NET POSITION | (587,253) | 92,624 | 27,600 | (467,029) | 322,887 |
| NET POSITION | | | | | |
| Beginning of year | 8,771,987 | 14,005,354 | 622,606 | 23,399,947 | 149,036 |
| End of year | \$ 8,184,734 | \$ 14,097,978 | \$ 650,206 | \$ 22,932,918 | \$ 471,923 |

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

CITY OF THIBODAUX
Thibodaux, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Statement I

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|--|----------------------------|---------------------|----------------------------|
| | 41 | 43 | 15 | Total | 46 |
| | Municipal Waterworks Fund | Municipal Gas and Sewerage System Fund | Garbage Collection Fund | | Internal Service Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers and users | \$ 2,605,473 | \$ 4,733,336 | \$ 1,573,033 | \$ 8,911,842 | \$ - |
| Cash payments to suppliers for goods and services | (1,420,935) | (3,506,014) | (1,402,309) | (6,329,258) | (160,655) |
| Cash payments to employees | (1,020,663) | (1,087,556) | - | (2,108,219) | - |
| Net cash provided by (used in) operating activities | <u>163,875</u> | <u>139,766</u> | <u>170,724</u> | <u>474,365</u> | <u>(160,655)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | |
| Miscellaneous receipts (payments) | 109,464 | 71,206 | 4,280 | 184,950 | (3,739) |
| Transfers, net | - | - | - | - | 350,684 |
| Net cash provided by non-capital financing activities | <u>109,464</u> | <u>71,206</u> | <u>4,280</u> | <u>184,950</u> | <u>346,945</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Capital grants received | 953,679 | 908,300 | - | 1,861,979 | - |
| Acquisition of capital assets | (98,444) | (1,886,389) | - | (1,984,833) | - |
| Interest and fiscal charges on capital debt | (84,032) | (74,972) | - | (159,004) | - |
| Interest and fiscal charges on capital lease | (62,471) | (22,737) | - | (85,208) | - |
| Proceeds received from capital debt | - | 2,635,799 | - | 2,635,799 | - |
| Principal paid on capital debt | (251,000) | (453,000) | - | (704,000) | - |
| Principal paid on capital lease | (265,435) | (96,607) | - | (362,042) | - |
| Net cash provided by capital and related financing activities | <u>192,297</u> | <u>1,010,394</u> | <u>-</u> | <u>1,202,691</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest income | 6,334 | 5,628 | 726 | 12,688 | 269 |
| Net cash provided by investing activities | <u>6,334</u> | <u>5,628</u> | <u>726</u> | <u>12,688</u> | <u>269</u> |
| Net increase in cash | 471,970 | 1,226,994 | 175,730 | 1,874,694 | 186,559 |
| Cash at beginning of year | 2,268,864 | 4,268,448 | 556,574 | 7,093,886 | 338,439 |
| Cash at end of year | <u>\$ 2,740,834</u> | <u>\$ 5,495,442</u> | <u>\$ 732,304</u> | <u>\$ 8,968,580</u> | <u>\$ 524,998</u> |
| RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS: | | | | | |
| Current assets- | | | | | |
| Cash and cash equivalents | \$ 2,217,274 | \$ 2,689,412 | \$ 732,304 | \$ 5,638,990 | \$ 524,998 |
| Restricted cash and cash equivalents | 416,935 | 1,021,002 | - | 1,437,937 | - |
| Noncurrent assets- | | | | | |
| Restricted cash and cash equivalents | 106,625 | 1,785,028 | - | 1,891,653 | - |
| Total cash and cash equivalents | <u>\$ 2,740,834</u> | <u>\$ 5,495,442</u> | <u>\$ 732,304</u> | <u>\$ 8,968,580</u> | <u>\$ 524,998</u> |

(continued)

CITY OF THIBODAUX
Thibodaux, Louisiana

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|--|--|----------------------------|--------------|------------------------------------|
| | 41 | 43 | 15 | Total | 46 |
| | Municipal Waterworks Fund | Municipal Gas and Sewerage System Fund | Garbage Collection Fund | | Internal Service Fund |
| RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | | |
| Income (loss) from operations | \$ (656,277) | \$ 62,118 | \$ 22,594 | \$ (571,565) | \$ (28,066) |
| ADJUSTMENTS TO RECONCILE INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | | |
| Depreciation | 902,606 | 852,128 | - | 1,754,734 | - |
| Bad debt expense | 5,577 | 5,863 | 4,089 | 15,529 | - |
| Change in assets, deferred outflows, liabilities and deferred inflows: | | | | | |
| Accounts receivable | (42,191) | (134,815) | (16,182) | (193,188) | - |
| Accounts payable and accrued expenses | 7,633 | (524,463) | 160,223 | (356,607) | 26,582 |
| Accrued salaries and benefits payables | 1,709 | 2,187 | - | 3,896 | - |
| Claims liability | - | - | - | - | (159,171) |
| Customer deposits | (1,418) | 193 | - | (1,225) | - |
| Compensated absences payable | 5,268 | 11,319 | - | 16,587 | - |
| Total other postemployment benefit (OPEB) liability | 22,610 | (4,856) | - | 17,754 | - |
| Deferred outflows - OPEB related | 26,383 | 23,136 | - | 49,519 | - |
| Deferred inflows - OPEB related | (2,211) | (34,086) | - | (36,297) | - |
| Net pension liability | (409,106) | (440,685) | - | (849,791) | - |
| Deferred outflows - pension related | 95,524 | 88,141 | - | 183,665 | - |
| Deferred inflows - pension related | 207,768 | 233,586 | - | 441,354 | - |
| Net cash provided by (used in) operating activities | \$ 163,875 | \$ 139,766 | \$ 170,724 | \$ 474,365 | \$ (160,655) |

(concluded)

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

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies

The City of Thibodaux, Louisiana (the City) was incorporated under Special Charter effective December 9, 1974. Currently, the City operates under a revised Home Rule Charter effective January 1, 2002. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: general government, public safety, public works, culture and recreation, health and welfare, and utilities.

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

a. Financial Reporting Entity

Governmental Accounting Standards Board (GASB), Statement No. 61, codified into Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the City is a general-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, establishes criteria for determining which component units should be considered part of the Consolidated Government of the City for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit
2. Financial accountability
 - a. The primary government appoints a voting majority of the potential component unit's governing body (and) the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefit/burden relationship between the City and the potential component unit.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

a. Financial Reporting Entity (continued)

4. Misleading to exclude: Paragraph 111 of Section 2100 covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on these criteria, management has determined that the following component units are part of the reporting entity:

City Court of Thibodaux, Louisiana (City Court) – The City Court is fiscally dependent on the City for office space and courtrooms. The City Court Judge and City Marshal are independently elected officials; whose office operations are both accounted for in the City Court's financial statements. The substance of the relationship between City Court and the City is that the City has approval authority over its capital budget. The City Court's fiscal year end is December 31, 2021.

Thibodaux Volunteer Fire Department, Inc. (the Fire Department) – The Fire Department is a separate, independent non-profit corporation. Management of the Fire Department is by a Board of Directors made up of volunteer firemen who have been elected by the membership of various fire companies. After being elected by the fire companies' membership, the board members of the Fire Department are approved by the City Council. The Mayor of the City is an ex-officio member of the Board of Directors of the Fire Department. Fiscal dependency exists since the City provides insurance, utilities and various other expenses. The Fire Department also receives financial support from the City in the form of property taxes assessed at a rate of 6.12 mills. The Fire Department's fiscal year end is November 30, 2021.

Complete separate financial statements for all component units may be obtained online from the Louisiana Legislative Auditor's website: <http://www.la.state.la.us>.

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

b. Basis of Presentation

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

Government-Wide Financial Statements (GWFS)

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

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxed and other items not properly included among program revenues are reported instead as general revenues. This includes externally dedicated resources such as a restricted property tax.

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

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

Fund Financial Statements (FFS)

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

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

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation (continued)

Fund Financial Statements (continued)

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

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

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

Section 8 Housing Fund – is a Special Revenue Fund that accounts for the Section 8 Housing Program – a federally funded program that supplements the rental payments of extremely low and very low income families. Rental assistance payments are made to the property owner by the City on behalf of the family. The program is funded by the Department of Housing and Urban Development.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources that are committed, restricted, or assigned to the payment of general long-term debt principal, interest, and related costs on long-term obligations of governmental funds. The City does not have any Debt Service Funds.

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

Capital Projects Fund – Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Proprietary Funds).

Proprietary Funds:

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

The Municipal Waterworks Fund accounts for providing water services to 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 and collection.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation (continued)

Fund Financial Statements (continued)

Proprietary Funds: (continued)

The Municipal Gas & Sewerage System Fund accounts for providing gas and sewerage services to 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 and collection.

The Garbage Collection Fund accounts for operations of the garbage system. Financing is provided by service charges assessed by the City and other fund transfers when necessary. Waste disposal service companies under contract with the City provide collection and disposal services.

Internal Service Fund – the Internal Service Fund accounts for activity that provides goods or services to other funds, departments or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The Internal Service Fund accounts for risk management services, including auto liability, general liability, police liability and public officials' statements. Since the Internal Service Fund is used for City governmental activities, financial statements of the Internal Services Fund are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

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

c. Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

c. Basis of Accounting and Measurement Focus (continued)

Fund Financial Statements (continued)

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

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

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

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

d. Budgetary Data

Budget Policies and Budgetary Accounting

Annual budgets are adopted and recorded in the accounting records for all governmental type funds. Annual appropriated budgets are adopted by the City for the following governmental funds: general, special revenue and capital projects. All annual appropriations lapse at year-end.

The City does not employ encumbrance accounting; under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

d. Budgetary Data (continued)

Budget Policies and Budgetary Accounting (continued)

Formal budget integration is employed as a management control device during the year. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- A proposed budget is prepared and submitted to the Mayor and City Council at the first regular meeting of the Council each November prior to the beginning of each fiscal year.
- The proposed budget is published in the official journal and made available for public inspection. A public hearing is called to obtain taxpayer comments.
- On or before December 7th of each year, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval from the City Council.
- The council, by ordinance, may make supplemental appropriations for the year up to the amount of such excess of estimated revenues in the budget in the same manner required for adoption of the budget.
- The Council may make emergency appropriations to meet a public emergency affecting life, health, property or the public peace.
- Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

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

e. Cash, Cash Equivalents, and Investments

Cash for the primary government includes demand deposit and interest-bearing demand deposit accounts, money markets accounts, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

The investment policies of the City are governed by R.S. 33:2955 and requires all securities to be investment-grade obligations but does not address specific credit quality ratings. The City does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not address credit quality ratings, concentration of credit risk by issuer, or investment maturity limitations. Securities traded in a national or international exchange and are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at an estimated fair value. Realized gains and losses on investments recorded at fair value are included in investment earnings. Interest earnings on the investment pool account are distributed to various funds based on their respective monthly balances. Additional details on authorized investments of City funds are disclosed in Note 5.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

f. Restricted Assets

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

g. Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Accounts receivable in excess of 33 days comprise the allowance for uncollectibles. Uncollectible accounts receivable are written off every 6 months.

Uncollectible receivables due for ad valorem taxes and other governmental activities are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

An allowance based upon past experience has been established for business type activities for customers' utility billings and garbage fees. Uncollectible amounts due for ad valorem taxes, special assessments, and other receivables are recognized as bad debts every 6 months which would indicate the uncollectibility of the particular receivables.

h. Interfund Receivables and Payables

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

i. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the GWFS, which include land, buildings and improvements, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems). Capital assets are defined by the government as assets with an estimated useful life in excess of one year and initial, individual costs as follows:

| Threshold for Capitalization | Dollar Amount |
|-------------------------------------|----------------------|
| Land | \$1 |
| Land improvements | \$25,000 |
| Buildings & improvements | \$50,000 |
| Furnishing & equipment | \$5,000 |
| Vehicles | \$5,000 |
| Infrastructure | \$250,000 |

Useful lives of assets are determined as follows:

| Type of Asset | Years |
|------------------------------|--------------|
| Buildings & improvements | 10-50 |
| Plant & distribution systems | 5-50 |
| Land improvements | 10-20 |
| Furnishings & equipment | 5-20 |
| Vehicles | 5 |
| Infrastructure | 20-30 |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

i. Capital Assets (continued)

All infrastructure assets purchased are recorded at historical cost as capital assets and depreciated accordingly. All donated infrastructure accepted into the City's maintenance program are recorded at acquisition value at the date of donation and capitalized and depreciated in accordance with the above capitalization policy.

The cost of a capital asset includes ancillary charges necessary to place the asset into its intended locations and condition for use. Those costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Improvements are capitalized over the remaining useful life of the asset. Major outlays for capital assets and improvements are capitalized as projects at completion of construction.

At this point the project costs are moved out of construction-in-progress and capitalized.

j. Compensated Absences

Under the terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Employees of the City may accumulate and vest up to a maximum of 21 days of vacation time. Employees are not limited in the accumulation of sick leave. However, as of August 1, 1995, only the sick leave of employees eligible for retirement shall vest. The calculation of accrued sick leave that is payable is based on the number of service years for that employee. The amount of sick leave that an employee is eligible for is their accumulated sick leave balance times a percentage based on the number of years of service up to a predetermined maximum balance that is also based on the number of years of service.

Accumulated unpaid vacation and sick pay is accrued and charged to operations in the GWFS when incurred. Sick pay is charged to the FFS when paid. In the GWFS and the proprietary fund type statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis.

k. Other Postemployment Benefits (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to recognize total OPEB liabilities directly in the financial statements, as a means of more effectively disclosing exactly what these benefits are meant to provide.

In the GWFS and the proprietary fund type statements, the OPEB is recorded as an expense, allocated on a functional basis, and long-term obligation.

In the governmental fund type financial statements OPEB expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to OPEB payments due and payable of the end of the year.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

l. Long-Term Liabilities

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

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

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

m. Pension Plans

The City is a participating employer in three cost-sharing, multiple-employer defined benefit pension plans as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

n. Deferred Outflows/Inflows of Resources

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

The primary government's deferred outflows of resources and deferred inflows of resources on the statement of net position are a result of deferrals concerning pensions, OPEB, and resources recovered prior to time requirements.

Note 11 presents detailed information concerning the amounts related to pensions, reported in the deferred inflows and deferred outflows sections of the statement of net position.

Note 12 presents detailed information concerning the amounts related to OPEB, reported in the deferred inflows and deferred outflows sections of the statement of net position.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

o. Net Position / Fund Balance Classifications

Government-Wide Statements

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

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

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

Fund Financial Statements

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

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

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

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. Summary of Significant Accounting Policies (continued)

p. Transfers In and Out

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

q. Estimates

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

r. Risk Management

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

The City maintains a limited risk management program in the Internal Service Fund for auto, general, police and public officials' liability claims. The City is self-insured for the first \$100,000 for each claim and purchases commercial coverage for excess losses. The City is named as a defendant in various legal claims arising the ordinary course of operations. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated up to \$100,000 per claim.

s. Arbitrage Liability

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

t. Current Year Adoption of New Accounting Standards

The City adopted GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. The statement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also enhances the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental and business-type activities.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

2. Ad Valorem Taxes

Ad valorem taxes are normally levied each November on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the City. As a result of the impacts of Hurricane Ida on Lafourche Parish, the 2021 tax roll was not levied until March 2022.

Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by LA law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2020. Taxes are due and payable on the day they are levied with the interest normally being charged on payments after January 1. However, due to the late levy of the 2021 tax roll, interest will be charged on payments after June 1, 2022. Taxes can be paid through the tax sale date. Properties for which the taxes have not been paid are sold for the amount of the taxes.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%, and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of Lafourche Parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47: 1957). The correctness of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

Under Article VI, Section 27 of the Louisiana Constitution, municipalities are granted the authority to levy an ad valorem tax for general purposes not to exceed 7 mills. Any additional millage must be approved by the voters. This general purpose millage is subject to adjustment after reassessment to assure that the same amount of revenue is produced. The combined tax rate to finance general governmental services for the year ended December 31, 2021, was 4.50 mills.

Additionally, millages were authorized and levied for 2.46 mills for special improvements of streets and 6.12 mills for fire department special improvements.

3. Sales Taxes

2.0% EFFECTIVE MARCH 1, 1981

A sales and use tax of one (1%) per cent created by Ordinance No. 667 by a special election held on May 2, 1967 went into effect on May 9, 1967, authorized the levying of a sales and use tax within the City of Thibodaux; and an additional tax of one (1%) per cent by Ordinance No. 1127 by virtue of a special election held on January 17, 1981 made effective on March 1, 1981. Such proceeds may be used for paying principal and interest on any bonded debt or funded indebtedness; constructing and acquiring extensions and improvements to the sewer and waterworks systems; constructing and improving streets, sidewalks, bridges, drains, drainage canals, subsurface drainage and parkway beautification; constructing and acquiring garbage incinerator facilities and purchasing garbage disposal and health sanitation equipment and facilities; purchasing, constructing, and improving public parks and recreational facilities and acquiring any necessary equipment and furnishings, therefore; constructing and purchasing police department equipment and facilities; constructing and improving public buildings; purchasing equipment for civil defense; constructing, acquiring or improving any work or permanent public improvement; purchasing and acquiring all sites, equipment and furnishings for the public works, building improvements facilities of the City, and for the purpose of paying salaries of employees and the general operation of the City. The tax shall remain in effect without limit as to term or duration.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. Sales Taxes (continued)

0.5% EFFECTIVE JULY 1, 2016

The City was authorized by a special election on March 5, 2016 to levy and collect a tax of one half of one percent (.5%) in perpetuity, from and after July 1, 2016, so that such proceeds may be used for providing municipal services including, but not limited to, constructing, acquiring, improving, extending, maintaining or operating public roads, public safety, parks and recreational facilities and other public improvements and facilities of the City. The tax shall remain in effect without limit as to term or duration.

4. Equity in Pooled Cash and Deposits

Equity in Pooled Cash

The City maintains cash pools that are available for use by various funds. Positive book cash balances are displayed on the combined balance sheet as "Cash and cash equivalents." Negative book cash balances are included in "Due to other funds" on the combined balance sheet.

At December 31, 2021, the City had cash (book balances) totaling \$17,931,490. Included in cash and cash equivalents on the balance sheet at December 31, 2021, are the following:

| | |
|---------------------------------|----------------------|
| Cash on hand | \$ 4,100 |
| Demand deposits | <u>14,597,800</u> |
| Total unrestricted cash | 14,601,900 |
| Restricted cash | <u>3,329,590</u> |
| Total cash and cash equivalents | <u>\$ 17,931,490</u> |

Restricted cash consists of \$48,805 restricted for customer meter deposits and \$3,280,785 restricted to meet requirements of bond covenants.

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2021, the City's bank balance totaled \$18,176,874. Of this balance, \$278,041 was insured by federal deposit insurance and \$17,898,833 was collateralized by securities held by the pledging financial institutions' trust department or agent in the City's name.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

5. Investments

As of December 31, 2021, the City had the following investments which are scheduled to mature in less than one year:

| Investment Type | Fair Value |
|--|-------------------|
| Investments at fair value | |
| Mortgage-backed Securities | \$ 720,398 |
| Investments measured at the net asset value (NAV) | |
| Louisiana Asset Management Pool (LAMP) | 8,194,154 |
| Federated Government Obligations Fund | 1,417,404 |
| Total investments measured at NAV | 9,611,558 |
| Total investments | \$ 10,331,956 |

Included in investments on the balance sheet at December 31, 2021, are the following:

| | |
|------------------------|---------------|
| Investments | \$ 9,468,043 |
| Restricted investments | 863,913 |
| Total investments | \$ 10,331,956 |

Interest Rate Risk – The City’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Under Louisiana R.S. 33:2955, as amended, the City may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The City’s investment policy does not further limit its investment choices.

As of December 31, 2021, the City had the following percentages of investments in debt securities:

FNMA (Federal National Mortgage Association) AA+ by Standard & Poor’s 100.00%

Concentration of Credit Risk - The City’s investment policy does not limit the amount the City may invest in any one issuer.

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. At December 31, 2021, investments of \$8,194,154 are in LAMP.

Credit Risk: LAMP is rated AAAM by Standard & Poor’s.

Custodial Credit Risk: LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City’s investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

5. **Investments** (continued)

Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.

Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM of LAMP's total investments is 45 days as of December 31, 2021.

Foreign Currency Risk: Not applicable.

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

The Federated Government Obligations Fund (the fund) is a 2a-7 like investment pool. The primary objective of the Fund is to provide a safe environment for the placement of public funds in short-term, high-quality investments. At December 31, 2021, investments of \$1,417,404 are in the Fund.

Credit Risk: The Fund is rated AAAM by Standard & Poor's.

Custodial Credit Risk: The Fund's 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 City's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.

Interest Rate Risk: The Fund is designed to be highly liquid to give its participants immediate access to their account balances. The Fund prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of Fund's total investments is 37 days as of December 31, 2021.

Foreign Currency Risk: Not applicable.

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

The Fund is subject to the regulatory oversight of the Securities and Exchange Commission.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

6. Fair Value of Financial Instruments

Fair Value Hierarchy

In accordance with this guidance, the City groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2- Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value required significant management judgment or estimation.

The following methods and assumptions were used by the City in estimating fair value disclosures for financial instruments:

Securities: Where quoted prices are available in an active market, we classify the securities within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, we estimate fair values using pricing models and discounted cash flows that consider input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include GSE (Government sponsored enterprises) obligations, (such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Bank), corporate bonds and other securities. Mortgage backed securities are included in level 2 if observable inputs are available. In certain cases, where there is limited activity or less transparency around inputs to the valuation, we classify those securities in level 3.

The City's mortgaged-backed securities, in the amount of \$720,398, are level 2 investments based on the fair value hierarchy described above.

Fair Value of Assets Measured on a Recurring Basis

The City's securities are measured on a recurring basis through a model used by its investment custodian. Prices are derived from a model which uses actively quoted rates, prepayment models and other underlying credit and collateral data.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

7. Receivables

The following is a summary of accounts receivable at December 31, 2021:

| Class of Receivable | Governmental Activities | Business-Type Activities |
|---------------------------------------|----------------------------|-----------------------------|
| Charges for services | | |
| Water | \$ - | \$ 337,607 |
| Sewerage & Gas | - | 788,083 |
| Garbage | - | 206,955 |
| Ad valorem taxes | | |
| General | 18,724 | - |
| Non-major | 9,569 | - |
| Franchise fees | | |
| General | 175,550 | - |
| Claims in excess of SIR | | |
| Internal Service Fund | 3,887 | - |
| Other | | |
| General | 63,017 | - |
| Non-major | 250 | - |
| Water | - | 17,237 |
| Sewerage & Gas | - | 5,883 |
| Total receivables | 270,997 | 1,355,765 |
| Less: allowance for doubtful accounts | - | (19,999) |
| Receivables, net | \$ 270,997 | \$ 1,335,766 |

8. Due from Other Governments

Amounts due from other governments at December 31, 2021 consist of the following:

| | General Fund | Capital Projects | Non-major Funds | Total |
|---|---------------------|---------------------|--------------------|---------------------|
| Lafourche Parish Sales and Use Tax Authority | \$ 3,910,881 | \$ - | \$ - | \$ 3,910,881 |
| Lafourche Parish Transportation | - | - | 22,421 | 22,421 |
| Beer Taxes from the State of Louisiana | 9,000 | - | - | 9,000 |
| Video Poker from the State of Louisiana | 65,735 | - | - | 65,735 |
| DOTD Litter Maintenance | - | 10,598 | - | 10,598 |
| City of Thibodaux City Court Fund | 7,166 | - | - | 7,166 |
| Louisiana Hwy Safety Commission | 4,986 | - | - | 4,986 |
| Airport Mitigation | 53,584 | - | - | 53,584 |
| Housing Authority | 69,202 | - | - | 69,202 |
| Other | 1,216 | - | 6,105 | 7,321 |
| | <u>\$ 4,121,770</u> | <u>\$ 10,598</u> | <u>\$ 28,526</u> | <u>\$ 4,160,894</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

9. Franchise Fee Revenues

Electric

On October 21, 2003, the City entered into an agreement with Entergy, that granted, by ordinance, to Entergy a franchise, right, and privilege for a period of thirty-three (33) years from the date of adoption to distribute, deliver, sell and supply, in such a manner as it chooses, electric service throughout the City. The City is to receive a sum of two percent (2%) of the gross receipts from the sale of electric service at retail for residential and commercial purposes within the corporate limits of the City. The City earned and reported in the General Fund \$342,845 of franchise fee revenue for the year ended December 31, 2021.

Telephone

On August 21, 1998, the City granted to BellSouth Telecommunications, Inc. (currently AT&T) a franchise to use and occupy the streets, alleys, public ways and thoroughfares of the City for the purpose of constructing, maintaining and operating its poles, wires, conduits, cables, anchors, towers, transmission lines, manholes, piers, abutments and other structures and facilities used in or incidental to the provisions of telephone or telegraph services to the public. In consideration, AT&T agrees to pay five percent (5%) of the gross receipts from local exchange telephone service provided within the corporate limits. The agreement is on a year-to-year basis unless canceled by either party upon at least sixty days' notice prior to the expiration of the initial term or any extension thereof. The City earned and reported in the General Fund \$59,186 of telephone franchise fee revenue for the year ended December 31, 2021.

Cable TV

On June 18, 2004, the City granted to Renaissance Media, L.L.C. doing business as Charter Communications, a new franchise to supply cable service within the city limits for 15 years. On June 24, 2019, this agreement was renewed for an additional 15 years. The City receives five percent (5%) of revenues received from subscribers in the City as franchise fee for television service, not including installation revenues. The City earned and reported in the General Fund \$149,763 of Cable TV franchise fee revenue for the year ended December 31, 2021.

Wireless Phone

The City collects fees from various wireless phone carriers. On May 23, 2014, the City entered into a lease for a perpetual easement and a grant of servitude for two pieces of property in the City limits. The City will be compensated for granting the servitude for the use of a portion of the properties and a perpetual right-of-way for ingress and egress, with the right to install, replace and maintain utility wires, poles, cables, conduits, and pipes. The lease further grants and assigns a non-exclusive construction and maintenance servitude over any portion of the property for any construction, repair, maintenance, replacement, demolition and removal.

The perpetual servitudes can be terminated by written notice within a reasonable time to be able to remove its building(s), tower and above ground property and restore the surface to its original condition, reasonable, wear and tear excepted. Wireless Tower revenue recorded for RTC was \$13,867, Eatel was \$547, and AT&T was \$14,400, totaling \$28,814 for the year ending December 31, 2021.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

10. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2021, are as follows:

Governmental Activities:

| | Balance 12/31/2020 | Additions | Deletions | Transfers | Balance 12/31/2021 |
|---------------------------------|-----------------------|-----------------------|-----------------|--------------------|-----------------------|
| Land | \$ 4,396,127 | \$ - | \$ - | \$ - | \$ 4,396,127 |
| Construction in progress | 2,035,240 | 383,170 | - | (1,050,583) | 1,367,827 |
| Capital assets, non-depreciable | <u>6,431,367</u> | <u>383,170</u> | <u>-</u> | <u>(1,050,583)</u> | <u>5,763,954</u> |
| Infrastructure | 50,538,756 | 323,854 | - | 1,050,583 | 51,913,193 |
| Buildings & improvements | 14,406,115 | 190,106 | - | - | 14,596,221 |
| Equipment & furniture | 6,892,917 | 570,953 | (51,734) | - | 7,412,136 |
| Capital assets, depreciable | <u>71,837,788</u> | <u>1,084,913</u> | <u>(51,734)</u> | <u>1,050,583</u> | <u>73,921,550</u> |
| Total cost of capital assets | <u>78,269,155</u> | <u>1,468,083</u> | <u>(51,734)</u> | <u>-</u> | <u>79,685,504</u> |
| Less: Accumulated depreciation | | | | | |
| Infrastructure | (26,091,757) | (1,825,001) | - | - | (27,916,758) |
| Buildings & improvements | (11,209,687) | (284,506) | - | - | (11,494,193) |
| Equipment & furniture | (5,229,338) | (393,615) | 51,734 | - | (5,571,219) |
| Total accumulated depreciation | <u>(42,530,782)</u> | <u>(2,503,122)</u> | <u>51,734</u> | <u>-</u> | <u>(44,982,170)</u> |
| Net depreciable capital assets | <u>29,307,006</u> | <u>(1,418,209)</u> | <u>-</u> | <u>1,050,583</u> | <u>28,939,380</u> |
| Net capital assets | <u>\$ 35,738,373</u> | <u>\$ (1,035,039)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 34,703,334</u> |

For the year ended December 31, 2021, governmental activities depreciation expense of \$2,503,122 was charged to the following functions:

| | |
|----------------------|---------------------|
| General Government | \$ 202,643 |
| Public Safety | 138,910 |
| Public Works | 1,751,370 |
| Culture & Recreation | 410,199 |
| | <u>\$ 2,503,122</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

10. Capital Assets (continued)

Business-Type Activities:

| | Balance 12/31/2020 | Additions | Deletions | Transfers | Balance 12/31/2021 |
|-----------------------------------|-----------------------|--------------------|-----------------|---------------------|-----------------------|
| Land | \$ 403,334 | \$ - | \$ - | \$ - | \$ 403,334 |
| Construction in progress | 9,406,515 | 1,963,030 | - | (11,086,018) | 283,527 |
| Capital assets non-depreciable | <u>9,809,849</u> | <u>1,963,030</u> | <u>-</u> | <u>(11,086,018)</u> | <u>686,861</u> |
| Water production & distribution | 22,741,440 | - | (14,660) | - | 22,726,780 |
| Sewerage system plant & equipment | 21,045,933 | 21,803 | - | 11,086,018 | 32,153,754 |
| Gas distribution system | 10,073,770 | - | - | - | 10,073,770 |
| Capital assets depreciable | <u>53,861,143</u> | <u>21,803</u> | <u>(14,660)</u> | <u>11,086,018</u> | <u>64,954,304</u> |
| Total cost of capital assets | <u>63,670,992</u> | <u>1,984,833</u> | <u>(14,660)</u> | <u>-</u> | <u>65,641,165</u> |
| Less: Accumulated depreciation | | | | | |
| Water production & distribution | (11,209,365) | (902,606) | 14,660 | - | (12,097,311) |
| Sewerage system plant & equipment | (13,236,574) | (595,931) | - | - | (13,832,505) |
| Gas distribution system | (7,202,161) | (256,197) | - | - | (7,458,358) |
| Total accumulated depreciation | <u>(31,648,100)</u> | <u>(1,754,734)</u> | <u>14,660</u> | <u>-</u> | <u>(33,388,174)</u> |
| Net depreciable capital assets | <u>22,213,043</u> | <u>(1,732,931)</u> | <u>-</u> | <u>11,086,018</u> | <u>31,566,130</u> |
| Net capital assets | <u>\$ 32,022,892</u> | <u>\$ 230,099</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,252,991</u> |

For the year ended December 31, 2021, business-type activities depreciation expense of \$1,754,734 was charged to the following functions:

| | |
|-----------------|---------------------|
| Waterworks | \$ 902,606 |
| Sewerage System | 595,931 |
| Gas System | 256,197 |
| | <u>\$ 1,754,734</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plans

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

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

| | | |
|------------------------------|---------------------------------------|-------------------------|
| MERS: | MPERS: | LASERS |
| 7937 Office Park Boulevard | 7722 Office Park Boulevard, Suite 200 | 8401 United Plaza Blvd. |
| Baton Rouge, Louisiana 70809 | Baton Rouge, Louisiana 70809 | Baton Rouge, Louisiana |
| (225) 925-4810 | (225) 929-7411 | 70809-4213 |
| www.mersla.com | www.lmapers.org | (225) 922-0600 |
| | | www.lasersonline.org |

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

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

Municipal Police Employees' Retirement System of Louisiana (MPERS)

MPERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

Louisiana State Employees' Retirement System (LASERS)

LASERS is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of credible service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plans (continued)

Funding Policy

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2021, for the City and covered employees were as follows:

| | City | Employees |
|---|--------|-----------|
| Municipal Employees' Retirement System Plan A | | |
| Members hired prior to 01/01/2013 | 29.50% | 10.00% |
| Members hired after 01/01/2013 | 29.50% | 10.00% |
| Municipal Police Employees' Retirement System | | |
| All employees hired prior to 01/01/2013 and all Hazardous Duty employees hired after 01/01/2013 | 29.75% | 10.00% |
| Non-hazardous Duty (hired after 01/01/2013) | 29.75% | 8.00% |
| Employees receiving compensation below poverty guidelines of US Department of Health | 32.25% | 7.50% |
| Louisiana State Employees' Retirement System | 43.70% | 11.50% |

The contributions made to the Systems for the past three years ended December 31 were as follows:

| | 2021 | 2020 | 2019 |
|--|--------------|--------------|--------------|
| Municipal Employees' Retirement System Plan A | \$ 1,509,314 | \$ 1,434,952 | \$ 1,248,064 |
| Municipal Police Employees' Retirement System | \$ 871,762 | \$ 882,485 | \$ 849,499 |
| Louisiana State Employees' Retirement System | \$ 18,447 | \$ 18,280 | \$ 16,629 |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plans (continued)

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

The following schedule lists the City's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2021 measurement date. The City uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2021 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 along with the change compared to the June 30, 2020 rate. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

| | Net Pension Liability at December 31, 2021 | Rate at June 30, 2021 | Increase (Decrease) from June 30, 2020 Rate |
|--|---|--------------------------|--|
| Governmental Activities: | | | |
| Municipal Employees' Retirement System Plan A | \$ 5,520,629 | 2.5210% | 0.0611% |
| Municipal Police Employees' Retirement System | 3,768,702 | 0.7070% | (0.1340%) |
| Louisiana State Employees' Retirement System | 113,822 | 0.0021% | (0.0001%) |
| | <u>9,403,153</u> | | |
| Business-type Activities: | | | |
| Municipal Employees' Retirement System Plan A | 1,491,551 | 2.5210% | 0.0611% |
| Total primary government | <u>\$ 10,894,704</u> | | |

The following schedule lists each pension plan's recognized pension expense of the City for the year ended December 31, 2021:

| | |
|---|-------------------|
| Governmental Activities: | |
| Municipal Employees' Retirement System Plan A | \$ 568,317 |
| Municipal Police Employees' Retirement System | (122,166) |
| Louisiana State Employees Retirement System | 12,661 |
| | <u>\$ 458,812</u> |
| Business-Type Activities: | |
| Municipal Employees' Retirement System Plan A | <u>\$ 174,970</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plan (continued)

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

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Governmental Activities: | | |
| Differences between expected and actual experience | \$ 2,044 | \$ (177,373) |
| Changes of assumptions | 616,083 | (107,505) |
| Net difference between projected and actual earnings on pension plan investments | - | (3,296,841) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 156,147 | (1,059,601) |
| Employer contributions subsequent to the measurement date | 1,090,344 | - |
| Total | \$ 1,864,618 | \$ (4,641,320) |
| Business-Type Activities: | | |
| Differences between expected and actual experience | \$ 595 | \$ (18,875) |
| Changes of assumptions | 60,322 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (465,077) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 21,403 | (6,298) |
| Employer contributions subsequent to the measurement date | 189,551 | - |
| Total | \$ 271,871 | \$ (490,250) |

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Governmental Activities: | | |
| Municipal Employees' Retirement System Plan A | \$ 807,939 | \$ (1,590,466) |
| Municipal Police Employees' Retirement System | 1,038,962 | (3,024,310) |
| Louisiana State Employees' Retirement System | 17,717 | (26,544) |
| | \$ 1,864,618 | \$ (4,641,320) |
| Business-Type Activities: | | |
| Municipal Employees' Retirement System Plan A | \$ 271,871 | \$ (490,250) |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plan (continued)

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

The City reported a total of \$1,279,895 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2022. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

| | Subsequent Contributions |
|---|-----------------------------|
| Municipal Employees' Retirement System Plan A | \$ 850,232 |
| Municipal Police Employees' Retirement System | 464,593 |
| Louisiana State Employees' Retirement System | 10,070 |
| | \$ 1,279,895 |

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

| December 31, | MERS | MPERS | LASERS | Total |
|--------------|----------------|----------------|-------------|----------------|
| 2022 | \$ (233,521) | \$ (730,557) | \$ (1,836) | \$ (965,914) |
| 2023 | (282,093) | (598,396) | (4,090) | (884,579) |
| 2024 | (509,348) | (620,759) | (6,031) | (1,136,138) |
| 2025 | (781,176) | (500,229) | (6,940) | (1,288,345) |
| | \$ (1,806,138) | \$ (2,449,941) | \$ (18,897) | \$ (4,274,976) |

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of December 31, 2021 are as follows:

| | MERS | MPERS | LASERS |
|---|------------------|------------------|------------------|
| Valuation Date | June 30, 2021 | June 30, 2021 | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | | |
| Expected Remaining Service Lives | 3 years | 4 years | 2 years |
| Investment Rate of Return | 6.85% | 6.75% | 7.40% per annum |
| Inflation Rate | 2.50% | 2.50% | 2.30% per annum |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

| | | | |
|-----------------------------------|--|---|---|
| Mortality | <p>For annuitant and beneficiary mortality tables used were: PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For employees, the PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. For disabled annuitants, PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.</p> | <p>For annuitant and beneficiary mortality tables used were: Pub-2010 Healthy Retirees table multiplied by 115% for males and 125% for females, each adjusted using their respective male and female MP2019 scales. For employees, the Pub-2010 Employee Table multiplied by 115% for males and 125% for females, each adjusted using their respective male and female MP2019 scales. For disabled annuitants, Pub-2010 Disabled Retiree Table multiplied by 105% for males and 115% for females with the full generational MP2019 scale.</p> | <p>For non-disabled members - Mortality rates for 2021 were based on the RP-2014 Health Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. For disabled members - mortality rates were based on the RP - 2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p> |
| Salary Increases | <p>1 – 4 years of service – 7.4% >4 years of service – 4.9%</p> | <p>Varies from 12.3% in the first two years of service to 4.7% after 2 years</p> | <p>Vary from 2.6% - 5.1% for judges</p> |
| Cost of Living Adjustments | <p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p> | <p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p> | <p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.</p> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plan (continued)

Actuarial Assumptions (continued)

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

| MERS | MPERS | LASERS |
|--|--|--|
| <p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 of 2.60% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rates of return is 6.95% for the year ended June 30, 2021.</p> | <p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 resulting forecasted long-term rate of return is 7.29% for the year ended June 30, 2021.</p> | <p>The long-term expected rate of return on pension plan investments was determined using a buildingblock method in which best-estimates 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 of 2.3% real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% nominal rate of return is 8.25% for 2021.</p> |

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2021:

| | Target Allocation | | | Long-term Expected Real Rate of Return | | |
|------------------------------------|-------------------|--------|--------|--|-------|--------|
| | MERS | MPERS | LASERS | MERS | MPERS | LASERS |
| Cash | - | - | 1.0% | - | - | -0.29% |
| Public equity | 53.0% | - | - | 2.31% | - | - |
| Equity | - | 55.5% | - | - | 3.47% | - |
| U.S. Equity | - | - | 31.0% | - | - | 4.09% |
| Non-U.S. Equity | - | - | 23.0% | - | - | 5.12% |
| Public fixed income | 38.0% | - | - | 1.65% | - | - |
| Fixed income | - | 30.5% | 21.0% | - | 0.59% | 0.49% |
| Alternatives | 9.0% | 14.0% | 24.0% | 0.39% | 1.01% | 3.94% |
| Risk Parity | - | - | - | - | - | 6.93% |
| Total | 100.0% | 100.0% | 100.0% | 4.35% | 5.07% | 5.81% |
| Inflation | | | | 2.60% | 2.22% | 2.30% |
| Expected Arithmetic Nominal Return | | | | 6.95% | 7.29% | 8.25% |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plans (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS, MPERS, and LASERS was 6.85%, 6.75% and 7.40%, respectively for the year ended June 30, 2021.

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

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

| | <u>1.0% Decrease</u> | <u>Current Discount Rate</u> | <u>1.0% Increase</u> |
|----------------------------------|----------------------|----------------------------------|----------------------|
| <u>MERS</u> | | | |
| Rates | 5.85% | 6.85% | 7.85% |
| City of Thibodaux's Share of NPL | \$ 10,385,386 | \$ 7,012,180 | \$ 4,163,027 |
| <u>MPERS</u> | | | |
| Rates | 5.75% | 6.75% | 7.75% |
| City of Thibodaux's Share of NPL | \$ 6,568,252 | \$ 3,768,702 | \$ 1,432,022 |
| <u>LASERS</u> | | | |
| Rates | 6.40% | 7.40% | 8.40% |
| City of Thibodaux's Share of NPL | \$ 154,221 | \$ 113,822 | \$ 79,448 |

Support of Non-Employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities.

The City recognized revenue as a result of support received from non-employer contributing entities of:

| | |
|-------|-------------------|
| MERS | \$ 188,116 |
| MPERS | 157,996 |
| | <u>\$ 346,112</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

11. Pension and Retirement Plans (continued)

Payables to the Pension Plan

The City recorded accrued liabilities to each of the retirement systems for the year ended December 31, 2021. The amounts are included in liabilities under the amounts reported as accounts payables. The balance due to each of the retirement systems at December 31, 2021 is as follows:

| | |
|--------|------------|
| MERS | \$ 205,367 |
| MPERS | 116,721 |
| LASERS | 2,640 |
| | \$ 324,728 |

12. Postemployment Health Care Benefits

General Information about the Total Other Postemployment Benefit (OPEB) Plan

Plan description – The City administers a single employer defined benefit health care plan (the Plan). The Plan provides medical, dental, and life insurance premiums for retired employees as approved by the City Council. The City will fund the entire premium for all employees retiring with at least twenty-five years of service provided to the City. A retired employee may provide dependent hospitalization coverage if they had dependent coverage at the time of retirement at the applicable dependent coverage rate. The City will continue payment of premium benefits for retired employees on a pro-rata basis beginning with 40% of premiums paid after completing 10 years or 120 months of service.

The percentage of premium paid benefit will increase by 4% for each additional year or 12-month period of service through 25 years or 300 months of service when 100% of premiums shall be paid. The City does not issue a publicly available financial report on the plan.

Benefits Provided – The City pays for a portion of the retiree’s medical, dental, and life coverage based on the years of service with the City. The retiree can elect to cover his or her spouse and dependents but must pay the entire premium for their coverage. Upon the death of the retiree, the spouse and dependent children can no longer continue coverage. To be eligible to continue coverage after retirement, an employee must meet the eligibility requirements under MERS or LASERS and have completed a minimum of ten years of service with the City.

Employees covered by benefit terms – At December 31, 2021, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 52 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | 176 |
| | 228 |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

12. Postemployment Health Care Benefits (continued)

Total OPEB Liability

The City's total OPEB liability of \$14,008,546 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2020.

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

| | |
|--------------------------|----------------------------|
| Measurement Date | December 31, 2021 |
| Actuarial Valuation Date | January 1, 2020 |
| Inflation | 2.00% |
| Salary increases | 2.00%, including inflation |
| Prior discount rate | 2.00% |
| Current discount rate | 1.84% |

The discount rate was based on the Fidelity General Obligation AA 20-Year Yield as of December 31, 2021, the end of the applicable measurement period.

Mortality rates for active employees were based on PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Employee Mortality Table, Generational with Projection Scale MP-2021. Mortality rates for retirees were based on PubG.H-2010 (general employees) and PubS.H-2010 (public safety) Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2021.

Changes in the Total OPEB Liability

| | |
|--|----------------------|
| Balance at December 31, 2020 | \$ 13,849,228 |
| Changes for the year: | |
| Service cost | 477,493 |
| Interest | 282,967 |
| Differences between expected and actual experience | (237,109) |
| Changes in assumptions | (65,461) |
| Benefit payments and net transfers | (298,572) |
| Net changes | <u>159,318</u> |
| Balance at December 31, 2021 | <u>\$ 14,008,546</u> |

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current discount rate:

| | | | |
|----------------------|----------------------|-------------------------|----------------------|
| | 1.0% Decrease | Current Discount | 1.0% Increase |
| Total OPEB liability | <u>\$ 16,809,806</u> | <u>\$ 14,008,546</u> | <u>\$ 11,798,148</u> |
| | 1.0% Decrease | Current Trend | 1.0% Increase |
| Total OPEB liability | <u>\$ 11,409,086</u> | <u>\$ 14,008,546</u> | <u>\$ 17,487,119</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

12. Postemployment Health Care Benefits (continued)

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$921,223. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 8,402 | \$ (693,048) |
| Changes in assumptions | 849,647 | (57,278) |
| Total | \$ 858,049 | \$ (750,326) |

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

| Year ending December 31, | | |
|--------------------------|----|----------|
| 2022 | \$ | 160,764 |
| 2023 | | 160,764 |
| 2024 | | (50,147) |
| 2025 | | (50,147) |
| 2026 | | (37,821) |
| Thereafter | | (75,687) |
| | \$ | 107,723 |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

13. Long-Term Liabilities

The following is a summary of long-term debt transactions for the year ended December 31, 2021:

| | Payable 12/31/2020 | Additions | Deletions | Payable 12/31/2021 | Amount due within one year |
|---|-----------------------|---------------------|-----------------------|-----------------------|----------------------------------|
| <u>Governmental activities:</u> | | | | | |
| Compensated absences | \$ 478,110 | \$ 521,911 | \$ (501,460) | \$ 498,561 | \$ 290,264 |
| Total | \$ 478,110 | \$ 521,911 | \$ (501,460) | \$ 498,561 | \$ 290,264 |
| <u>Business-type activities:</u> | | | | | |
| Direct borrowing and placement of debt: | | | | | |
| Water Revenue | | | | | |
| Bonds, Series 2010B | \$ 2,805,276 | \$ - | \$ (251,000) | \$ 2,554,276 | \$ 257,000 |
| Utility Revenue | | | | | |
| Bonds, Series 2013 | 4,542,992 | - | (283,000) | 4,259,992 | 432,000 |
| Bonds, Series 2019 | 3,307,860 | 2,635,799 | (170,000) | 5,773,659 | 284,000 |
| Other long-term liabilities: | | | | | |
| Compensated absences | 93,960 | 102,512 | (85,925) | 110,547 | 49,531 |
| Lease obligations | 2,358,158 | - | (362,042) | 1,996,116 | 373,906 |
| Total | \$ 13,108,246 | \$ 2,738,311 | \$ (1,151,967) | \$ 14,694,590 | \$ 1,396,437 |

CAPITAL LEASE OBLIGATIONS

The City has acquired equipment under the provisions of long-term leases. The equipment necessary to implement a new metering system for gas and water services in the City was financed at a cost of \$3,682,484. The balance owed on the leased equipment is \$1,996,116 at December 31, 2021. Payments are due semi-annually in April and October of each year bearing interest at 3.25 percent per annum with payment in full in April 2026. The annual lease requirements are as follows:

| Year Ending December 31 | Principal payments | Interest payments | Total principal and interest payments |
|------------------------------------|-----------------------|----------------------|--|
| 2022 | \$ 373,906 | \$ 61,860 | \$ 435,766 |
| 2023 | 386,156 | 49,610 | 435,766 |
| 2024 | 398,809 | 36,958 | 435,767 |
| 2025 | 411,875 | 23,891 | 435,766 |
| 2026 | 425,370 | 10,396 | 435,766 |
| Total | \$ 1,996,116 | \$ 182,714 | \$ 2,178,830 |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

13. Long-Term Liabilities (continued)

CAPITAL LEASE OBLIGATIONS (continued)

As of December 31, 2021, accumulated amortization is \$1,303,503 which includes current year amortization in the amount of \$372,429 for assets under lease obligations. Amortization of \$271,825 and \$100,604 was charged to the waterworks and gas and sewerage functions, respectively.

DEBT OBLIGATIONS

Direct borrowings and placements at December 31, 2021 are comprised of the following individual issues:

Revenue bonds:

Water Revenue Bonds, Series 2010B

\$5,400,000 water revenue bonds dated February 8, 2010 were issued for the purpose of constructing and acquiring improvements and extensions to the City's waterworks system. Principal is payable annually at June 1 with interest payable June 1 and December 1 at the rate of 2.95 percent per annum. The bonds mature on June 1, 2030. The outstanding note is secured by a pledge of the income and revenues to be derived from the operation of the Waterworks System. Events of default include default on the principal or on the interest of the Bond, breach of any covenant, or bankruptcy. The Bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment. The bond document does not list any terms related to termination events with finance related consequences nor subjective acceleration clauses.

\$ 2,554,276

Utility Revenue Bonds, Series 2013

\$8,640,000 utility revenue bonds in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) in parity with the Series 1997 Bonds to construct sewerage improvements constituting the wastewater treatment project. The loan and pledge agreement is dated October 1, 2013. DEQ is holding the bonds as payment for the loan. The bonds shall mature in twenty installments of principal, payable annually on March 1, which commenced March 1, 2016. Interest is payable on March 1 and September 1 of each year at the rate of 0.45 percent per annum. The outstanding note is secured by a pledge of the income and revenues to be derived from the operation of the Sewerage and the Gas Systems. Events of default include default on the principal or on the interest of the Bond, failure to pay the administrative fee, breach of any covenant, or bankruptcy. The Bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment. The bond document does not list any terms related to termination events with finance related consequences nor subjective acceleration clauses.

4,259,992

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

13. Long-Term Liabilities (continued)

DEBT OBLIGATIONS (continued)

Utility Revenue Bonds, Series 2019

\$6,510,000 utility revenue bonds in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) in parity with the Series 2013 Bonds to upgrade the water treatment plant. The loan and pledge agreement is dated September 1, 2019. DEQ is holding the bonds as payment for the loan. The bonds shall mature in twenty installments of principal, payable annually on March 1, commencing March 1, 2021. Interest is payable on March 1 and September 1 of each year at the rate of 0.45 percent per annum, commencing March 1, 2020. The outstanding note is secured by a pledge of the income and revenues of the combined wastewater treatment and disposal system and natural gas distribution system. Events of default include default on the principal or on the interest of the Bond, failure to pay the administrative fee, breach of any covenant, or bankruptcy. The Bond is subject to prepayment at any time at a price equal to the principal amounts thereof advanced to the Issuer plus accrued interest to the date of prepayment. The bond document does not list any terms related to termination events with finance related consequences nor subjective acceleration clauses.

5,773,659
\$12,587,927

The annual requirements to amortize all debt outstanding as of December 31, 2021 is as follows:

| <i>Year Ending</i> <i>December 31</i> | Direct borrowing and placement: | | |
|--|---|---------------------------------------|---------------------------------------|
| | Water Revenue Bonds, Series 2010B | Utility Revenue Bonds, Series 2013 | Utility Revenue Bonds, Series 2019 |
| | <i>Principal payments</i> | | |
| 2022 | \$ 257,000 | \$ 432,000 | \$ 284,000 |
| 2023 | 264,000 | 278,000 | 281,000 |
| 2024 | 270,000 | 281,000 | 284,000 |
| 2025 | 277,000 | 283,000 | 286,000 |
| 2026 | 283,000 | 286,000 | 289,000 |
| 2027-2031 | 1,203,276 | 1,471,000 | 1,488,000 |
| 2032-2036 | - | 1,228,992 | 1,560,000 |
| 2037-2041 | - | - | 1,301,659 |
| Total Principal | <u>2,554,276</u> | <u>4,259,992</u> | <u>5,773,659</u> |
| | <i>Interest payments</i> | | |
| 2022 | 71,560 | 18,198 | 25,007 |
| 2023 | 63,876 | 16,600 | 24,071 |
| 2024 | 55,999 | 15,343 | 22,800 |
| 2025 | 47,931 | 14,074 | 21,517 |
| 2026 | 39,671 | 12,793 | 20,224 |
| 2027-2031 | 72,082 | 44,327 | 81,249 |
| 2032-2036 | - | 11,122 | 46,972 |
| 2037-2041 | - | - | 11,780 |
| Total Interest | <u>351,119</u> | <u>132,457</u> | <u>253,620</u> |
| Total Principal and Interest | <u>\$ 2,905,395</u> | <u>\$ 4,392,449</u> | <u>\$ 6,027,279</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

13. Long-Term Liabilities (continued)

DEBT OBLIGATIONS (continued)

For the year ended December 31, 2021, business-type activities interest expense of \$178,313 was charged to the following functions:

| | | |
|-----------------|----|----------------|
| Waterworks | \$ | 91,731 |
| Sewerage System | | <u>86,582</u> |
| | \$ | <u>178,313</u> |

In accordance with the indenture governing the 2010B Water Revenue Bonds, all revenues must be deposited in the Revenue Fund and required transfers made to the following funds on a monthly basis after the payment of reasonable operating expenses and maintaining the system:

- The “Water Revenue Bond Debt Service Fund” requires the issuer to make monthly deposits into the Debt Service Fund in such a manner as to accumulate in such fund the amounts payable on the bonds payable therefrom on any interest payment date. All other amounts deposited in the Debt Service Fund will be depleted at least once each bond year, except for the reasonable carryover amount which will not exceed the greater of (i) the earnings on the Debt Service Fund for the immediately preceding bond year, or (ii) 1/12 of the principal and interest payments on the bonds and any additional parity bonds for the immediately preceding bond year.
- The “Water Revenue Bond Debt Service Reserve Fund” requires that the issuer shall transfer from the Revenue Fund, 20% of the amount required to be paid into the Sinking Fund for such month as a result of the issuance of the bonds. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Water System Depreciation and Contingency Fund” requires that the issuer shall transfer from the Revenue Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 5% of the revenues for the preceding month, provided that such sum is available after the provision is made for any certain required payments as set forth in the bond ordinance. Such payments shall continue until such time as there has been accumulated in the Contingency Fund the sum of \$100,000.

In accordance with the indenture governing the 2013 Utility Revenue Bonds, all income and revenues must be deposited in the Utilities System Fund and required transfers made to the following funds on a monthly basis after the payment of all reasonable and necessary operating expenses and maintaining the system:

- The “Utilities Revenue Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Series 1997 Bonds and any Additional Parity Bonds, as they severally become due and payable, by transferring from funds in the Utility System Fund monthly on or before the 20th day of each month of each year, a sum equal one-sixth of the interest and administrative fee falling due on the next interest payment date and a sum equal to one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal, interest, and administrative fee as the same respectively become due.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

13. Long-Term Liabilities (continued)

DEBT OBLIGATIONS (continued)

- The “Utilities Revenue Bond Reserve Fund” requires that the issuer shall transfer from the Utility System Fund, monthly in advance on or before the 20th day of each month of each year, a sum equal to 25% of the highest combined principal and interest requirements for any succeeding bond year on the Bonds. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Capital Additions and Contingencies Fund” requires that the issuer shall transfer from the Utility System Fund, monthly on or before the 20th day of each month of each year, a sum equal to 5% of the revenues for the preceding month.

In accordance with the indenture governing the 2019 Utility Revenue Bonds, all income and revenues must be deposited in the Utilities System Revenue Fund and required transfers made to the following funds on a monthly basis after the payment of all reasonable and necessary operating expenses and maintaining the system:

- The “Utilities Revenue Sinking Fund” requires that the issuer shall deposit in the Sinking Fund sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, the Outstanding Parity Bonds and any Additional Parity Bonds, as they severally become due and payable, by transferring from the Revenue Fund monthly in advance on or before the 20th day of each month of each year, a sum equal to one-sixth of interest falling due on the next interest payment date and one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.
- The “Utilities Revenue Bond Reserve Fund” requires that the issuer shall transfer monthly in advance on or before the 20th day of each month of each year, a sum equal to at least 25% of the highest combined principal and interest requirements for any succeeding bond year on the Bonds. The Reserve Fund is required to be funded in an amount equal to one-half the highest combined principal and interest requirements for any succeeding bond year on the Bonds.
- The “Capital Additions and Contingencies Fund” requires that the issuer shall transfer from the Revenue Fund, monthly on or before the 20th day of each month of each year, a sum equal to 5% of the revenues for the preceding month. Such payments into the Contingencies Fund shall continue until such time as there has been accumulated in the Contingencies Fund the sum of \$100,000.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

14. Transfers

Interfund transfers for the year ended December 31, 2021 are as follows:

| | TRANSFERS | |
|-----------------------|--------------|--------------|
| | IN | OUT |
| General Fund | | |
| Internal Service Fund | \$ - | \$ 350,684 |
| Capital Projects | - | 391,385 |
| Fire Department | 794,613 | - |
| CDBG | - | 24,000 |
| Fire Department | | |
| General | - | 794,613 |
| CDBG Fund | | |
| General | 24,000 | - |
| Capital Projects | | |
| General | 391,385 | - |
| Risk Management Fund | | |
| General | 350,684 | - |
| | \$ 1,560,682 | \$ 1,560,682 |

15. Risk Management

The City is subject to various risks of loss related to theft of, damage to, and destruction of assets; error and omissions; injuries to employees; natural disasters; and worker's compensation claims. The City has purchased commercial liability insurance to cover risks of loss related to torts or negligence by employees and council members. Commercial insurance has also been obtained to cover risk of damages to or theft of computer equipment, boilers and other machinery, employee's health insurance, and general liability claims. Claims have not exceeded insurance coverage in any of the past three years.

The City maintains a limited risk management program in the Internal Service Fund for auto, general, police and public officials' liability claims. The City is named as a defendant in various legal claims arising in the ordinary course of operations. In accordance with *Financial Accounting Standards Board Accounting Standards Codification 450, Contingencies*, the City's Internal Service Fund has provided for, in its financial statements, estimated losses from the aforementioned pending suits and claims based on the estimated ultimate cost of settling the claims, considering the effects of inflation, recent claim settlement trends and other social and economic factors, including the effects of specific incremental claim adjustment expenses, salvage and subrogation. The City believes the ultimate settlement costs will not materially exceed the amounts provided for the claims.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the Internal Service Fund.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

15. Risk Management (continued)

Transfers from the participating funds to the Internal Service Fund are made as necessary, Claims in excess of the self-insured retention amounts are recovered through commercial limited-coverage insurance policies. The City is self-insured for the first \$100,000 for each claim and is insured with excess coverage as follows:

- Auto liability, general liability and police liability with a \$1,000,000 per occurrence limit (\$3,000,000 policy combined aggregate)
- Public officials' employment practices \$2,000,000 per occurrence (\$4,000,000 policy combined aggregate)

Settled claims have not exceeded the insurance coverage for the excess liability in any of the past three years. At December 31, 2021, the amount of liability for unpaid claims was \$25,659. These liabilities are the City's best estimate based on available information. Changes in the reported liabilities during the past three years are as follows:

| Year | Beginning Balance | Claims and Changes in Estimate | Payments | Ending Balance |
|------|----------------------|-----------------------------------|------------|----------------|
| 2021 | \$ 184,830 | \$ 159,171 | \$ 318,342 | \$ 25,659 |
| 2020 | 136,447 | 135,033 | 86,650 | 184,830 |
| 2019 | 34,485 | 287,783 | 185,821 | 136,447 |

16. Commitments and Contingencies

As of December 31, 2021, the City was committed to construction contract agreements totaling \$581,253. Of this amount, \$408,106 has not yet been expended. Majority of these contracts relate to Lafourche Parish Middle School Drainage and SeaLevel Construction, Inc.

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. Operating lease expense charged to operations for the year ending December 31, 2021 totaled \$373,651.

The following is a schedule by year of future minimum lease payments under these arrangement as of December 31, 2021, that have initial or remaining terms in excess of one year.

| Year ending December 31, | Minimum Payments |
|--------------------------|---------------------|
| 2022 | \$ 309,635 |
| 2023 | 245,997 |
| 2024 | 209,647 |
| 2025 | 705,345 |
| 2026 | 36,966 |
| 2027-2031 | 168,095 |
| 2032-2036 | 185,590 |
| 2037-2041 | 204,907 |
| 2042-2046 | 226,234 |
| 2047-2051 | 249,780 |
| 2052-2056 | 80,019 |
| | \$ 2,622,215 |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

16. Commitments and Contingencies (continued)

Grant Disallowances. The City participates in a number of state and federally assisted grant programs. The programs are subject to audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.

17. Hurricane Ida

On August 29, 2021, Hurricane Ida made landfall on the Louisiana coast, causing extensive damage throughout southeast Louisiana. As a result, the City experienced significant damage. The gross value of damages, debris removal, and other expenditures related to protection and safety is estimated at approximately \$5.2 million. Property insurance maintained by the City is expected to cover approximately \$1.6 million of the total damage costs, of which approximately \$215,000 has been received and recorded as miscellaneous revenues for the year ended December 31, 2021. The City retains responsibility for the remaining \$3.6 million of the property damage, debris removal, and other expenditures. The City intends to seek reimbursement for this amount from Federal Emergency Management Agency's Disaster Public Assistance Grant at a rate of 100% of eligible costs incurred during the first 45 days after Ida's landfall and at a rate of 90% of eligible costs incurred after the first 45 days.

18. On-Behalf Payments for Supplemental Pay

The City recognizes as revenues and expenditures salary supplements that the State of Louisiana has paid directly to the City's police officers. The total on-behalf payments made for the year amounted to \$266,792.

19. Tax Abatement

The City enters into property tax abatement agreements with local businesses under the Restoration Tax Abatement Program was created by Act 445 of the 1983 Legislature, and revised by Act 783 of 1984, Article VII, Part II, Section 21 (H) of the Louisiana Constitution and Louisiana R.S. 47: 4311-4319, to authorize the Board of Commerce and Industry, with the approval of the Governor and the local governing authority and in accordance with procedures and conditions provided by law, to enter into a contract granting property owners who propose the expansion, restoration, improvement or development of an existing structure or structures in a downtown development district, historic district, or economic development district, established in accordance with law, the right to pay ad valorem taxes based upon the assessed valuation of property prior to the commencement of the expansion, restoration, improvement or development.

The City currently has five abatement agreements for renovation of properties in the historic district. The total amount of taxes paid on the abated properties is insignificant for the year ended December 31, 2021. There were no new agreements entered into in 2021.

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

20. Rouse Land Company, LLC Cooperative Endeavor Agreement

The City entered into a cooperative endeavor agreement in 2015 with Rouse Land Company, LLC, a Louisiana limited liability company to do business in the State (Rouse). The City agreed to reimburse Rouse not to exceed the sum of \$217,000 per year or in the aggregate \$800,000 from sales tax revenue over a reimbursement term that lasts until the aggregate amount is reached for the purpose of enabling Rouse to construct a facility in Thibodaux, LA and to aid in the revitalization of the City.

The reimbursement obligation for the City is based on the facility not permanently ceasing operations for a term of at least 10 years following the date immediately following the opening of the facility for business to the public.

The City's reimbursement obligation is expressly limited to a 2.5% undedicated sales and use tax applied solely to the sales tax increment revenues generated by the Facility. The amount paid to Rouse for the year was \$217,791.

21. Component Units – Selected Notes to the Financial Statements

The balances of deposits are as follows:

| | Reported Balance | Bank Balance |
|----------------------------------|---------------------|--------------|
| Demand Deposits** | \$ 6,329,163 | \$ 7,350,046 |
| Certificates of Deposit | 474,637 | 474,637 |
| Total deposits | \$ 6,803,800 | \$ 7,824,683 |
| Exposed to custodial credit risk | | \$ 6,616,505 |
| Covered by pledged securities | | \$ 6,616,505 |

**Included in demand deposits for City Court of Thibodaux is \$979,410 for the Fiduciary Funds that are not included on the Statement of Net Position.

A summary of capital assets for component units follows:

| | Beginning Balance | Additions | Removals | Ending Balance |
|---------------------------------------|----------------------|-------------------|----------------------|---------------------|
| Land | \$ 1,230,748 | \$ - | \$ - | \$ 1,230,748 |
| Construction in progress | 1,236,439 | - | (1,236,439) | - |
| Total non-depreciable | 2,467,187 | - | (1,236,439) | 1,230,748 |
| Buildings & improvements | 6,310,833 | 13,632 | - | 6,324,465 |
| Equipment & furniture | 7,312,644 | 1,400,066 | (258,899) | 8,453,811 |
| Total depreciable | 13,623,477 | 1,413,698 | (258,899) | 14,778,276 |
| Total cost | 16,090,664 | 1,562,039 | (66,902) | 16,009,024 |
| Total accumulated depreciation | (7,568,183) | (802,150) | 252,447 | (8,117,887) |
| Net depreciable capital assets | 6,055,294 | 611,548 | (6,452) | 6,660,390 |
| Net capital assets | \$ 8,522,481 | \$ 611,548 | \$(1,242,891) | \$ 7,891,137 |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2021

22. Subsequent Events

Subsequent to year end, the City entered into contract commitments approximating \$4.2 million for capital improvements. Additionally, the City is anticipating approximately \$3.4 million in FEMA reimbursements related to Hurricane Ida expenditures.

23. Current Accounting Standard Scheduled to be Implemented

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

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The City will include the requirements of this standard, as applicable, in its December 31, 2022 financial statements. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1.1

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|--|----------------------|----------------------|----------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ 15,640,274 | \$ 17,175,152 | \$ 19,188,065 | \$ 2,012,913 |
| Licenses and permits | 1,000,500 | 1,090,600 | 1,149,298 | 58,698 |
| Intergovernmental | | | | |
| Federal government | - | 3,036 | 1,216 | (1,820) |
| State government | 540,600 | 459,441 | 417,527 | (41,914) |
| Local government | 160,000 | 265,366 | 265,366 | - |
| Charges for services | 408,100 | 303,581 | 310,320 | 6,739 |
| Fines and forfeitures | 132,500 | 132,500 | 118,880 | (13,620) |
| Investment income | 49,850 | 20,887 | 11,322 | (9,565) |
| Miscellaneous | 161,910 | 450,772 | 444,265 | (6,507) |
| Total revenues | <u>18,093,734</u> | <u>19,901,335</u> | <u>21,906,259</u> | <u>2,004,924</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,324,872 | 5,306,441 | 7,453,663 | (2,147,222) |
| Public safety | 8,391,713 | 8,355,163 | 7,828,711 | 526,452 |
| Public works | 2,747,660 | 2,761,773 | 2,523,120 | 238,653 |
| Culture and recreation | 3,097,812 | 3,695,714 | 2,772,573 | 923,141 |
| Capital outlay | 1,187,900 | 1,295,298 | 1,097,631 | 197,667 |
| Total expenditures | <u>19,749,957</u> | <u>21,414,389</u> | <u>21,675,698</u> | <u>(261,309)</u> |
| Excess of revenues over (under) expenditures | <u>(1,656,223)</u> | <u>(1,513,054)</u> | <u>230,561</u> | <u>1,743,615</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from disposal of capital assets | - | 37,140 | 37,139 | (1) |
| Transfers in | 785,917 | 794,613 | 794,613 | - |
| Transfers out | (1,801,800) | (2,930,452) | (766,069) | 2,164,383 |
| Total other financing sources (uses) | <u>(1,015,883)</u> | <u>(2,098,699)</u> | <u>65,683</u> | <u>2,164,382</u> |
| NET CHANGE IN FUND BALANCES | <u>(2,672,106)</u> | <u>(3,611,753)</u> | <u>296,244</u> | <u>3,907,997</u> |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | 13,773,990 | 13,773,990 | 16,459,743 | 2,685,753 |
| Fund balances, end of year | <u>\$ 11,101,884</u> | <u>\$ 10,162,237</u> | <u>\$ 16,755,987</u> | <u>\$ 6,593,750</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - SECTION 8 HOUSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1.2

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|--|--------------------|--------------------|-------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal government | \$ 1,240,000 | \$ 1,391,369 | \$ 1,386,369 | \$ (5,000) |
| Investment income | 50 | 107 | 100 | (7) |
| Miscellaneous | 55,022 | 35,251 | 36,826 | 1,575 |
| Total revenues | <u>1,295,072</u> | <u>1,426,727</u> | <u>1,423,295</u> | <u>(3,432)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Health and welfare | 1,336,074 | 1,483,561 | 1,458,834 | 24,727 |
| Capital outlay | 20,000 | 18,345 | 18,344 | 1 |
| Total expenditures | <u>1,356,074</u> | <u>1,501,906</u> | <u>1,477,178</u> | <u>24,728</u> |
| Excess of revenues over (under) expenditures | <u>(61,002)</u> | <u>(75,179)</u> | <u>(53,883)</u> | <u>21,296</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 28,640 | - | - | - |
| Total other financing sources | <u>28,640</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>(32,362)</u> | <u>(75,179)</u> | <u>(53,883)</u> | <u>21,296</u> |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | 46,362 | 46,362 | 112,431 | 66,069 |
| Fund balances, end of year | <u>\$ 14,000</u> | <u>\$ (28,817)</u> | <u>\$ 58,548</u> | <u>\$ 87,365</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
December 31, 2021

Schedule 1.3

| Measurement Date | Service Cost | Interest | Difference between actual and expected experience | Changes of assumptions or other inputs | Benefit payments | Net change in total OPEB liability | Total OPEB liability - beginning | Total OPEB liability - ending | Covered Employee payroll | Total OPEB liability as a percentage of covered employee payroll |
|---------------------|-----------------|------------|---|--|---------------------|--|--|-------------------------------------|--------------------------------|--|
| 12/31/2021 | \$ 477,493 | \$ 282,967 | \$ (237,109) | \$ (65,461) | \$ (298,572) | \$ 159,318 | \$ 13,849,228 | \$ 14,008,546 | \$ 6,869,581 | 203.92% |
| 12/31/2020 | \$ 466,761 | \$ 376,304 | \$ (258,829) | \$ 184,874 | \$ (288,732) | \$ 480,378 | \$ 13,368,850 | \$ 13,849,228 | \$ 6,734,883 | 205.63% |
| 12/31/2019 | \$ 372,758 | \$ 448,855 | \$ (782,564) | \$ 1,816,112 | \$ (424,114) | \$ 1,431,047 | \$ 11,937,803 | \$ 13,368,850 | \$ 7,201,296 | 185.65% |
| 12/31/2018 | \$ 365,449 | \$ 433,663 | \$ 25,210 | \$ - | \$ (420,215) | \$ 404,107 | \$ 11,533,696 | \$ 11,937,803 | \$ 7,060,094 | 169.09% |

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

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2021 (*)**

Schedule 1.4

| <u>Pension Plan</u> | <u>Employer's Proportion of the Net Pension Liability</u> | <u>Employer's Proportionate Share of the Net Pension Liability</u> | <u>Covered Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|--|---|--|----------------------------|---|---|
| Municipal Employees' Retirement System (Plan A) | | | | | |
| 2021 | 2.5210% | \$ 7,012,180 | \$ 4,991,993 | 140.4685% | 77.82% |
| 2020 | 2.4599% | 10,635,283 | 4,701,716 | 226.2000% | 64.52% |
| 2019 | 2.5023% | 10,456,083 | 4,632,152 | 225.7284% | 64.68% |
| 2018 | 2.5597% | 10,598,889 | 4,673,281 | 226.7976% | 63.94% |
| 2017 | 2.5583% | 10,702,627 | 4,646,127 | 230.3559% | 62.49% |
| 2016 | 2.5588% | 10,487,822 | 4,570,921 | 229.4466% | 62.11% |
| 2015 | 2.6048% | 9,304,729 | 4,445,751 | 209.2949% | 66.18% |
| Municipal Police Employees' Retirement System | | | | | |
| 2021 | 0.7070% | \$ 3,768,702 | \$ 2,581,430 | 145.9928% | 84.09% |
| 2020 | 0.8410% | 7,772,550 | 2,597,530 | 299.2285% | 70.94% |
| 2019 | 0.8290% | 7,528,992 | 2,589,215 | 290.7828% | 71.01% |
| 2018 | 0.9226% | 7,799,903 | 2,726,269 | 286.1017% | 71.89% |
| 2017 | 0.8807% | 7,688,683 | 2,615,723 | 293.9410% | 70.08% |
| 2016 | 0.9330% | 8,744,482 | 2,547,442 | 343.2652% | 66.04% |
| 2015 | 1.0203% | 7,993,203 | 2,718,898 | 293.9869% | 70.73% |
| State Employees' Retirement System | | | | | |
| 2021 | 0.0021% | \$ 113,822 | \$ 42,082 | 270.4767% | 72.78% |
| 2020 | 0.0019% | 160,292 | 40,857 | 392.3244% | 58.00% |
| 2019 | 0.0020% | 141,276 | 40,272 | 350.8045% | 62.90% |
| 2018 | 0.0021% | 144,514 | 38,766 | 372.7854% | 64.30% |
| 2017 | 0.0022% | 154,854 | 38,357 | 403.7177% | 62.50% |
| 2016 | 0.0022% | 168,516 | 37,413 | 450.4210% | 57.70% |
| 2015 | 0.0020% | 135,486 | 36,637 | 369.8065% | 62.66% |

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

(*) The amounts presented have a measurement date of June 30th.

CITY OF THIBODAUX
Thibodaux, Louisiana
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1.5

| Pension Plan | Contractually Required Contribution ¹ | Contributions in Relation to Contractually Required Contribution ² | Contribution Deficiency (Excess) | Employer's Covered Payroll ³ | Contributions as a % of Covered Payroll |
|--|--|---|--|--|---|
| Municipal Employees' Retirement System (Plan A) | | | | | |
| 2021 | \$ 1,509,314 | \$ 1,509,314 | \$ - | \$ 5,116,313 | 29.500% |
| 2020 | 1,434,952 | 1,434,952 | - | 5,006,699 | 28.661% |
| 2019 | 1,248,064 | 1,248,064 | - | 4,645,418 | 26.867% |
| 2018 | 1,180,078 | 1,180,078 | - | 4,652,479 | 25.364% |
| 2017 | 1,109,483 | 1,109,483 | - | 4,673,961 | 23.738% |
| 2016 | 976,265 | 976,265 | - | 4,596,783 | 21.238% |
| 2015 | 882,918 | 882,918 | - | 4,470,473 | 19.750% |
| Municipal Police Employees' Retirement System | | | | | |
| 2021 | \$ 871,762 | \$ 871,762 | \$ - | \$ 2,765,344 | 31.525% |
| 2020 | 882,485 | 882,485 | - | 2,665,962 | 33.102% |
| 2019 | 849,499 | 849,499 | - | 2,623,954 | 32.375% |
| 2018 | 840,232 | 840,232 | - | 2,670,286 | 31.466% |
| 2017 | 826,713 | 826,713 | - | 2,638,953 | 31.327% |
| 2016 | 799,771 | 799,771 | - | 2,597,654 | 30.788% |
| 2015 | 793,534 | 793,534 | - | 2,586,854 | 30.676% |
| State Employees' Retirement System | | | | | |
| 2021 | \$ 18,447 | \$ 18,447 | \$ - | \$ 42,753 | 43.148% |
| 2020 | 18,280 | 18,280 | - | 43,060 | 42.452% |
| 2019 | 16,629 | 16,629 | - | 40,312 | 41.251% |
| 2018 | 15,846 | 15,846 | - | 39,516 | 40.100% |
| 2017 | 15,127 | 15,127 | - | 38,737 | 39.051% |
| 2016 | 14,445 | 14,445 | - | 37,963 | 38.050% |
| 2015 | 14,681 | 14,681 | - | 36,887 | 39.800% |

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll
² Actual employer contributions remitted to MERS MPERS and LASERS
³ Employer's covered payroll amount for the fiscal year ended December 31 of each year

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1.6

Changes of Benefit Terms include:

Municipal Employees' Retirement System (Plan A)

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

Municipal Police Employees' Retirement System

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

State Employees' Retirement System

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

Changes of Assumptions:

Municipal Employees' Retirement System (Plan A)

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

| <i>Inflation Rate:</i> | | | | <i>Investment rate of return:</i> | | | |
|-------------------------------|-----------|--------|---------|--|-----------|--------|---------|
| Measurement | | | | Measurement | | | |
| Year End | date | Rate | Change | Year End | date | Rate | Change |
| 12/31/2021 | 6/30/2021 | 2.500% | 0.000% | 12/31/2021 | 6/30/2021 | 6.850% | -0.100% |
| 12/31/2020 | 6/30/2020 | 2.500% | 0.000% | 12/31/2020 | 6/30/2020 | 6.950% | -0.050% |
| 12/31/2019 | 6/30/2019 | 2.500% | -0.100% | 12/31/2019 | 6/30/2019 | 7.000% | -0.275% |
| 12/31/2018 | 6/30/2018 | 2.600% | -0.175% | 12/31/2018 | 6/30/2018 | 7.275% | -0.125% |
| 12/31/2017 | 6/30/2017 | 2.775% | -0.100% | 12/31/2017 | 6/30/2017 | 7.400% | -0.100% |
| 12/31/2016 | 6/30/2016 | 2.875% | 0.000% | 12/31/2016 | 6/30/2016 | 7.500% | 0.000% |
| 12/31/2015 | 6/30/2015 | 2.875% | | 12/31/2015 | 6/30/2015 | 7.500% | |

Municipal Police Employees' Retirement System

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

| <i>Inflation Rate:</i> | | | | <i>Investment rate of return:</i> | | | |
|-------------------------------|-----------|--------|---------|--|-----------|--------|---------|
| Measurement | | | | Measurement | | | |
| Year End | date | Rate | Change | Year End | date | Rate | Change |
| 12/31/2021 | 6/30/2021 | 2.500% | 0.000% | 12/31/2021 | 6/30/2021 | 6.750% | -0.200% |
| 12/31/2020 | 6/30/2020 | 2.500% | 0.000% | 12/31/2020 | 6/30/2020 | 6.950% | -0.175% |
| 12/31/2019 | 6/30/2019 | 2.500% | -0.100% | 12/31/2019 | 6/30/2019 | 7.125% | -0.075% |
| 12/31/2018 | 6/30/2018 | 2.600% | -0.100% | 12/31/2018 | 6/30/2018 | 7.200% | -0.125% |
| 12/31/2017 | 6/30/2017 | 2.700% | -0.175% | 12/31/2017 | 6/30/2017 | 7.325% | -0.175% |
| 12/31/2016 | 6/30/2016 | 2.875% | 0.000% | 12/31/2016 | 6/30/2016 | 7.500% | 0.000% |
| 12/31/2015 | 6/30/2015 | 2.875% | | 12/31/2015 | 6/30/2015 | 7.500% | |

State Employees' Retirement System

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

| <i>Inflation Rate:</i> | | | | <i>Investment rate of return:</i> | | | |
|-------------------------------|-----------|--------|---------|--|-----------|--------|---------|
| Measurement | | | | Measurement | | | |
| Year End | date | Rate | Change | Year End | date | Rate | Change |
| 12/31/2021 | 6/30/2021 | 2.300% | 0.000% | 12/31/2021 | 6/30/2021 | 7.400% | -0.150% |
| 12/31/2020 | 6/30/2020 | 2.300% | -0.200% | 12/31/2020 | 6/30/2020 | 7.550% | -0.050% |
| 12/31/2019 | 6/30/2019 | 2.500% | -0.250% | 12/31/2019 | 6/30/2019 | 7.600% | -0.050% |
| 12/31/2018 | 6/30/2018 | 2.750% | 0.050% | 12/31/2018 | 6/30/2018 | 7.650% | -0.050% |
| 12/31/2017 | 6/30/2017 | 2.700% | -0.175% | 12/31/2017 | 6/30/2017 | 7.700% | -0.050% |
| 12/31/2016 | 6/30/2016 | 2.875% | 0.000% | 12/31/2016 | 6/30/2016 | 7.750% | 0.000% |
| 12/31/2015 | 6/30/2015 | 2.875% | | 12/31/2015 | 6/30/2015 | 7.750% | |

CITY OF THIBODAUX
Thibodaux, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1.6

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

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

Changes in benefit terms:

- 12/31/2021 There were no changes of benefit terms for the year ended December 31, 2021.
- 12/31/2020 There were no changes of benefit terms for the year ended December 31, 2020.
- 12/31/2019 There were no changes of benefit terms for the year ended December 31, 2019.
- 12/31/2018 There were no changes of benefit terms for the year ended December 31, 2018.

Changes in assumptions:

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

| Measurement Date | Discount Rate | Mortality Table |
|------------------|---------------|--|
| 12/31/2021 | 1.84% | PubG.H-2010 (general); PubS.H-2010 (public safety) - MP-2021 |
| 12/31/2020 | 2.00% | PubG.H-2010 (general); PubS.H-2010 (public safety) - MP-2020 |
| 12/31/2019 | 2.75% | PubG.H-2010 (general); PubS.H-2010 (public safety) - MP-2019 |
| 12/31/2018 | 3.71% | RPH-2014 |
| 12/31/2017 | 3.50% | |

Budgetary Comparison Information

Budget Basis of Accounting: All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the Council. Legally, the Council must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Council to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The City Council approves budgets at the function level and management can transfer amounts between line items within a function.

Actual Over Budgeted Expenditures: None.

SUPPLEMENTARY INFORMATION

CITY OF THIBODAUX
Thibodaux, Louisiana

COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2021

Statement 2.1

| | 11 | 13 | 14 | 18 | 31 | |
|--|------------------------------|----------------------------|---|-------------------------------|-----------------|-------------------|
| | Police Forfeiture Fund | Fire Department Fund | Street Improvement and Maintenance | DOTD Parish Transportation | CDBG Fund | Total |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 5,627 | \$ 882 | \$ 145,684 | \$ 238,389 | \$ - | \$ 390,582 |
| Accounts receivable, net | - | 6,753 | 3,066 | - | - | 9,819 |
| Due from other governments | - | - | - | 22,421 | 6,105 | 28,526 |
| Total assets | <u>\$ 5,627</u> | <u>\$ 7,635</u> | <u>\$ 148,750</u> | <u>\$ 260,810</u> | <u>\$ 6,105</u> | <u>\$ 428,927</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ - | \$ 515 | \$ - | \$ 4,796 | \$ 5,311 |
| Accrued salaries and benefits | - | - | - | - | 613 | 613 |
| Due to other funds | - | - | - | - | 696 | 696 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>515</u> | <u>-</u> | <u>6,105</u> | <u>6,620</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Resources recovered prior to time requirements | - | 6,737 | 2,810 | - | - | 9,547 |
| Total deferred inflows of resources | <u>-</u> | <u>6,737</u> | <u>2,810</u> | <u>-</u> | <u>-</u> | <u>9,547</u> |
| FUND BALANCES | | | | | | |
| Restricted for: | | | | | | |
| Public safety | - | 898 | - | - | - | 898 |
| Public works | - | - | - | 260,810 | - | 260,810 |
| Committed for: | | | | | | |
| Public works | - | - | 145,425 | - | - | 145,425 |
| Assigned for: | | | | | | |
| Public safety | 5,627 | - | - | - | - | 5,627 |
| Total fund balances | <u>5,627</u> | <u>898</u> | <u>145,425</u> | <u>260,810</u> | <u>-</u> | <u>412,760</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 5,627</u> | <u>\$ 7,635</u> | <u>\$ 148,750</u> | <u>\$ 260,810</u> | <u>\$ 6,105</u> | <u>\$ 428,927</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Statement 2.2

| | 11 | 13 | 14 | 18 | 31 | |
|--|------------------------------|----------------------------|---|-------------------------------|-----------------|--------------------|
| | Police Forfeiture Fund | Fire Department Fund | Street Improvement and Maintenance | DOTD Parish Transportation | CDBG Fund | Total |
| REVENUES | | | | | | |
| Taxes | \$ - | \$ 25,206 | \$ 10,134 | \$ - | \$ - | \$ 35,340 |
| Intergovernmental | | | | | | |
| Federal government | - | - | - | - | 231,130 | 231,130 |
| State government | - | - | - | 131,770 | - | 131,770 |
| Investment income | 8 | 253 | 355 | 193 | - | 809 |
| Miscellaneous | - | 1,792 | 2,220 | - | - | 4,012 |
| Total revenues | <u>8</u> | <u>27,251</u> | <u>12,709</u> | <u>131,963</u> | <u>231,130</u> | <u>403,061</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public safety | 5,030 | - | - | - | - | 5,030 |
| Public works | - | - | 389,119 | - | 45,232 | 434,351 |
| Health and welfare | - | - | - | - | 47,544 | 47,544 |
| Capital outlay | - | - | - | - | 162,354 | 162,354 |
| Total expenditures | <u>5,030</u> | <u>-</u> | <u>389,119</u> | <u>-</u> | <u>255,130</u> | <u>649,279</u> |
| Excess of revenues over (under) expenditures | <u>(5,022)</u> | <u>27,251</u> | <u>(376,410)</u> | <u>131,963</u> | <u>(24,000)</u> | <u>(246,218)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | 24,000 | 24,000 |
| Transfers out | - | (794,613) | - | - | - | (794,613) |
| Total other financing sources (uses) | <u>-</u> | <u>(794,613)</u> | <u>-</u> | <u>-</u> | <u>24,000</u> | <u>(770,613)</u> |
| NET CHANGE IN FUND BALANCES | <u>(5,022)</u> | <u>(767,362)</u> | <u>(376,410)</u> | <u>131,963</u> | <u>-</u> | <u>(1,016,831)</u> |
| FUND BALANCES | | | | | | |
| Fund balances, beginning of year | 10,649 | 768,260 | 521,835 | 128,847 | - | 1,429,591 |
| Fund balances, end of year | <u>\$ 5,627</u> | <u>\$ 898</u> | <u>\$ 145,425</u> | <u>\$ 260,810</u> | <u>\$ -</u> | <u>\$ 412,760</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - POLICE FORFEITURE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2.3

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|---------------------------------------|--------------------|-----------------|-------------------|---------------------|
| REVENUES | | | | |
| Investment income | \$ 10 | \$ 10 | \$ 8 | \$ (2) |
| Total revenues | <u>10</u> | <u>10</u> | <u>8</u> | <u>(2)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 7,395 | 7,395 | 5,030 | 2,365 |
| Total expenditures | <u>7,395</u> | <u>7,395</u> | <u>5,030</u> | <u>2,365</u> |
| Excess of revenues under expenditures | <u>(7,385)</u> | <u>(7,385)</u> | <u>(5,022)</u> | <u>2,363</u> |
| NET CHANGE IN FUND BALANCES | <u>(7,385)</u> | <u>(7,385)</u> | <u>(5,022)</u> | <u>2,363</u> |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | 7,385 | 7,385 | 10,649 | 3,264 |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,627</u> | <u>\$ 5,627</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - FIRE DEPARTMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2.4

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|------------------------------------|--------------------|------------------|-------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ 782,917 | \$ 31,943 | \$ 25,206 | \$ (6,737) |
| Investment income | 1,000 | 260 | 253 | (7) |
| Miscellaneous | 2,000 | 1,037 | 1,792 | 755 |
| Total revenues | <u>785,917</u> | <u>33,240</u> | <u>27,251</u> | <u>(5,989)</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(785,917)</u> | <u>(794,613)</u> | <u>(794,613)</u> | - |
| Total other financing uses | <u>(785,917)</u> | <u>(794,613)</u> | <u>(794,613)</u> | - |
| NET CHANGE IN FUND BALANCES | - | (761,373) | (767,362) | (5,989) |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | 793,170 | 793,170 | 768,260 | (24,910) |
| Fund balances, end of year | <u>\$ 793,170</u> | <u>\$ 31,797</u> | <u>\$ 898</u> | <u>\$ (30,899)</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - STREET IMPROVEMENTS AND MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2.5

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|---------------------------------------|--------------------|------------------|-------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ 314,702 | \$ 12,944 | \$ 10,134 | \$ (2,810) |
| Investment income | 1,000 | 350 | 355 | 5 |
| Miscellaneous | 2,000 | 1,917 | 2,220 | 303 |
| Total revenues | <u>317,702</u> | <u>15,211</u> | <u>12,709</u> | <u>(2,502)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 413,500 | 452,781 | 389,119 | 63,662 |
| Total expenditures | <u>413,500</u> | <u>452,781</u> | <u>389,119</u> | <u>63,662</u> |
| Excess of revenues under expenditures | <u>(95,798)</u> | <u>(437,570)</u> | <u>(376,410)</u> | <u>61,160</u> |
| NET CHANGE IN FUND BALANCES | <u>(95,798)</u> | <u>(437,570)</u> | <u>(376,410)</u> | <u>61,160</u> |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | 469,631 | 469,631 | 521,835 | 52,204 |
| Fund balances, end of year | <u>\$ 373,833</u> | <u>\$ 32,061</u> | <u>\$ 145,425</u> | <u>\$ 113,364</u> |

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - PARISH TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 2.6

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance + / (-)</u> |
|------------------------------------|----------------------------|-------------------------|---------------------------|-----------------------------|
| REVENUES | | | | |
| Intergovernmental | | | | |
| State government | \$ 137,000 | \$ 132,000 | \$ 131,770 | \$ (230) |
| Investment income | 100 | 100 | 193 | 93 |
| Total revenues | <u>137,100</u> | <u>132,100</u> | <u>131,963</u> | <u>(137)</u> |
| NET CHANGE IN FUND BALANCES | 137,100 | 132,100 | 131,963 | (137) |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | 137,070 | 137,070 | 128,847 | (8,223) |
| Fund balances, end of year | <u>\$ 274,170</u> | <u>\$ 269,170</u> | <u>\$ 260,810</u> | <u>\$ (8,360)</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - CDBG FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2.7

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|---------------------------------------|--------------------|-----------------|-------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental | | | | |
| Federal government | \$ 262,682 | \$ 255,709 | \$ 231,130 | \$ (24,579) |
| Total revenues | <u>262,682</u> | <u>255,709</u> | <u>231,130</u> | <u>(24,579)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 40,582 | 46,958 | 45,232 | 1,726 |
| Health and welfare | 90,000 | 54,384 | 47,544 | 6,840 |
| Capital outlay | 132,100 | 178,367 | 162,354 | 16,013 |
| Total expenditures | <u>262,682</u> | <u>279,709</u> | <u>255,130</u> | <u>24,579</u> |
| Excess of revenues under expenditures | <u>-</u> | <u>(24,000)</u> | <u>(24,000)</u> | <u>-</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | 24,000 | 24,000 | - |
| Total other financing sources | <u>-</u> | <u>24,000</u> | <u>24,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
- BUDGET TO ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 3.1

| | Original Budget | Final Budget | Actual Amounts | Variance + / (-) |
|--|--------------------|-------------------|-------------------|---------------------|
| REVENUES | | | | |
| Federal government | \$ - | \$ 55,600 | \$ 10,598 | \$ (45,002) |
| State government | - | 250,000 | 250,000 | - |
| Local government | - | 100,000 | 100,000 | - |
| Investment income | 200 | 225 | 261 | 36 |
| Total revenues | <u>200</u> | <u>405,825</u> | <u>360,859</u> | <u>(44,966)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 750 | 148,546 | 145,296 | 3,250 |
| Capital outlay | 1,471,959 | 435,332 | 181,754 | 253,578 |
| Total expenditures | <u>1,472,709</u> | <u>583,878</u> | <u>327,050</u> | <u>256,828</u> |
| Excess of revenues over (under) expenditures | <u>(1,472,509)</u> | <u>(178,053)</u> | <u>33,809</u> | <u>211,862</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>1,500,000</u> | <u>555,768</u> | <u>391,385</u> | <u>(164,383)</u> |
| Total other financing sources | <u>1,500,000</u> | <u>555,768</u> | <u>391,385</u> | <u>(164,383)</u> |
| NET CHANGE IN FUND BALANCES | <u>27,491</u> | <u>377,715</u> | <u>425,194</u> | <u>47,479</u> |
| FUND BALANCES | | | | |
| Fund balances, beginning of year | 158,786 | 158,786 | 22,285 | (136,501) |
| Fund balances, end of year | <u>\$ 186,277</u> | <u>\$ 536,501</u> | <u>\$ 447,479</u> | <u>\$ (89,022)</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN NET POSITION - MUNICIPAL GAS AND SEWERAGE SYSTEM FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

Statement 4.1

| | Gas System | Sewerage System | Total |
|--|--------------|--------------------|--------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 2,876,827 | \$ 1,985,268 | \$ 4,862,095 |
| OPERATING EXPENSES | | | |
| Gas purchased | 1,577,762 | - | 1,577,762 |
| Personal services | 394,623 | 571,675 | 966,298 |
| Operating supplies | 178,393 | 72,728 | 251,121 |
| Equipment expenses | 45,322 | 388,606 | 433,928 |
| Building expenses | 9,171 | 308,039 | 317,210 |
| Outside services | 127,756 | 111,215 | 238,971 |
| General operating | 31,478 | 119,123 | 150,601 |
| General administrative | 9,534 | 2,424 | 11,958 |
| Depreciation | 256,197 | 595,931 | 852,128 |
| Total operating expenses | 2,630,236 | 2,169,741 | 4,799,977 |
| Operating income (loss) | 246,591 | (184,473) | 62,118 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment income | 2,520 | 3,253 | 5,773 |
| Other non-operating revenues | 9,784 | 40,278 | 50,062 |
| Intergovernmental | - | 57,490 | 57,490 |
| Revenues from non-employer contributing entities | 9,020 | 14,415 | 23,435 |
| Interest and fiscal charges | (19,672) | (86,582) | (106,254) |
| Total non-operating revenues (expenses) | 1,652 | 28,854 | 30,506 |
| Income (loss) before operating transfers | 248,243 | (155,619) | 92,624 |
| CHANGE IN NET POSITION | \$ 248,243 | \$ (155,619) | \$ 92,624 |

CITY OF THIBODAUX
Thibodaux, Louisiana

COMBINING STATEMENT OF NET POSITION
DESCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2021 AND NOVEMBER 30, 2021

Statement 4.2

| | City Court of Thibodaux | Thibodaux Volunteer Fire Department, Inc. | Total |
|--|----------------------------|--|---------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 396,175 | \$ 5,932,988 | \$ 6,329,163 |
| Investments - CDs | - | 474,637 | 474,637 |
| Receivables, net | - | 26,047 | 26,047 |
| Due from other governments | 762 | - | 762 |
| Internal balances | 109,096 | - | 109,096 |
| Prepaid expenses and other assets | - | 10,075 | 10,075 |
| Capital assets | | | |
| Non-depreciable | - | 1,230,748 | 1,230,748 |
| Net depreciable | 33,723 | 6,626,667 | 6,660,390 |
| Total assets | 539,756 | 14,301,162 | 14,840,918 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related | 7,566 | - | 7,566 |
| Total deferred outflows of resources | 7,566 | - | 7,566 |
| LIABILITIES | | | |
| Accounts payables and accrued expenses | 44 | 33,280 | 33,324 |
| Due to other governments | 7,215 | - | 7,215 |
| Net pension liability | 85,367 | - | 85,367 |
| Total liabilities | 92,626 | 33,280 | 125,906 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related | 19,908 | - | 19,908 |
| Total deferred inflows of resources | 19,908 | - | 19,908 |
| NET POSITION | | | |
| Net investment in capital assets | 33,723 | 7,857,415 | 7,891,138 |
| Restricted for: | | | |
| Court services | 118,892 | - | 118,892 |
| Public safety | - | 3,256,440 | 3,256,440 |
| Unrestricted | 282,173 | 3,154,027 | 3,436,200 |
| Total net position | \$ 434,788 | \$ 14,267,882 | \$ 14,702,670 |

CITY OF THIBODAUX
Thibodaux, Louisiana

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND NOVEMBER 30, 2021

Statement 4.3

| | City Court of Thibodaux | Thibodaux Volunteer Fire Department, Inc. | Total |
|---|----------------------------|---|---------------|
| EXPENSES | \$ 928,482 | \$ 1,525,249 | \$ 2,453,731 |
| PROGRAM REVENUES | | | |
| Charges for services | 110,068 | 118,925 | 228,993 |
| Operating grants and contributions | 834,267 | 137,848 | 972,115 |
| Total program revenues | 944,335 | 256,773 | 1,201,108 |
| Net expense | 15,853 | (1,268,476) | (1,252,623) |
| GENERAL REVENUES | | | |
| Ad valorem taxes | - | 794,613 | 794,613 |
| Investment earnings | 1,314 | 15,166 | 16,480 |
| Firemen's Fair | - | 90,694 | 90,694 |
| Gain on sale of assets and insurance proceeds | - | 859,735 | 859,735 |
| Miscellaneous | - | 284,596 | 284,596 |
| Total general revenues | 1,314 | 2,044,804 | 2,046,118 |
| CHANGE IN NET POSITION | 17,167 | 776,328 | 793,495 |
| NET POSITION | | | |
| Beginning of year | 417,621 | 13,491,554 | 13,909,175 |
| End of year | \$ 434,788 | \$ 14,267,882 | \$ 14,702,670 |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF UTILITY CUSTOMERS
December 31, 2021

Schedule 4.4

The number of meters in service at December 31, 2020:

| Department | Commercial | Residential | Total |
|-------------------|-------------------|--------------------|---------------|
| Natural Gas | 563 | 3,612 | 4,175 |
| Water & Sewer | 1,299 | 5,368 | 6,667 |
| Totals | <u>1,862</u> | <u>8,980</u> | <u>10,842</u> |

The number of meters in service at December 31, 2021:

| Department | Commercial | Residential | Total |
|-------------------|-------------------|--------------------|---------------|
| Natural Gas | 565 | 3,688 | 4,253 |
| Water & Sewer | 1,293 | 5,339 | 6,632 |
| Totals | <u>1,858</u> | <u>9,027</u> | <u>10,885</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2021

Schedule 4.5

| Issuer | Kind of Insurance | Insurance | Expiration Date |
|---|---|---------------|-----------------|
| Riviere Insurance (American Alternative Insurance Company) | Auto Liability & Physical Damage Deductible: SIR \$100,000 | \$ 1,000,000 | 7/1/2022 |
| | General Liability Deductible: SIR \$100,000 | \$ 1,000,000 | 7/1/2022 |
| | Law Enforcement Liability: SIR \$100,000 | \$ 1,000,000 | 7/1/2022 |
| | Public Entity Management Liability Deductible: SIR \$100,000 | \$ 2,000,000 | 7/1/2022 |
| | Public Entity Employment-Related Practices Liability Deductible: SIR \$100,000 | \$ 2,000,000 | 7/1/2022 |
| | Employee Benefit Plan Liability Deductible: SIR \$100,000 | \$ 1,000,000 | 7/1/2022 |
| (National Union Fire Ins) | TVFD Auto Liability Deductible: \$1,000 | \$ 1,000,000 | 10/11/2022 |
| (Fidelity Deposit Company of Maryland) | Public Official Bond - Finance Director Deductible \$0 | \$100,000 | 3/1/2022 |
| | Public Official Bond - Administrative Asst Deductible \$0 | \$100,000 | 3/1/2022 |
| | Public Official Bond - Mayor's Secretary Deductible \$0 | \$100,000 | 3/1/2022 |
| A.J. Gallagher Risk Management Services (USI Insurance Services, LLC) | LA Workmens Comp Deductible: None | Statutory | 12/31/2021 |
| (USI Insurance Services, LLC) | Inland Marine Deductible: \$1,000 | \$ 3,945,634 | 7/18/2022 |
| (Hartford/USI Southwest) | Boiler & Machinery Deducible: \$5,000 | \$ 50,000,000 | 6/1/2022 |
| (Fidelity & Deposit Co. of Maryland) | Government Crime Policy - Commissioner Deductible \$1,000 | \$ 100,000 | 5/27/2022 |
| (Fidelity & Deposit Co. of Maryland) | Government Crime Policy Employee Deductible \$1,000 | \$ 100,000 | 5/27/2022 |
| (American Bankers Ins Co of Florida) | Building & Contents Flood Policy Deductible: \$4,000 | \$ 236,200 | 7/25/2022 |
| CNA Surety | Public Official Bond - Mayor Deductible \$0 | \$ 100,000 | 12/13/2022 |
| Jones Insurance Agency | Thibodaux Senior Citizen - Commercial General Liability Deductible \$2,000 | \$2,000,000 | 9/1/2022 |
| CNA Surety | Public Official Bond - Council President Deductible \$0 | \$ 100,000 | 4/15/2022 |
| Gallagher Benefit Services | Recreation - Excess Accident Policy Deductible \$100 | \$ 10,000 | 6/29/2022 |
| Underwriters at Lloyd's London Indian Harbor Insurance Co. QBE Specialty Insurance Co. Steadfast Insurance Co. | Physical Damage | \$ 42,221,168 | 6/1/2022 |

**CITY OF THIBODAUX
Thibodaux, Louisiana**

**SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 4.6

| | | |
|-----------------------------------|----|----------------|
| Tommy Eschete - Mayor | \$ | 82,400 |
| Eric Tabor - District A | | 12,651 |
| Eugene Richard - District B | | 12,651 |
| Constance Williams - District C | | 12,651 |
| Chad Mire - Councilman at Large | | 14,046 |
| Mike Naquin - Councilman at Large | | 14,046 |
| | \$ | <u>148,445</u> |

CITY OF THIBODAUX

Thibodaux, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 4.7

Mayor : Tommy Eschete

Purpose

| | | |
|----------------------------------|----|----------------|
| Salary | \$ | 82,400 |
| Benefits - Insurance | | 8,547 |
| Benefits - Deferred compensation | | 23,373 |
| Benefits - Other | | 2,144 |
| Cell Phone | | 997 |
| Vehicle Allowance | | 8,400 |
| Other | | 692 |
| Total | \$ | <u>126,553</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 4.8

| | <u>First Six Month Period Ended 6/30/21</u> | <u>Second Six Month Period Ended 12/31/21</u> |
|--|---|---|
| Beginning Balance of Amounts Collected | \$ 2,750 | \$ 11,350 |
| Add Collections: | | |
| <i>Pre-Trial Diversion Program Fees</i> | <u>17,600</u> | <u>18,750</u> |
| Subtotal Collections | 17,600 | 18,750 |
| Less Disbursements To Governments and Nonprofits: | | |
| <i>Drug Asset Recovery Team, Asset Forfeiture/Sales</i> | - | - |
| <i>Criminal Court Fund, 17th Judicial District, Asset Forfeiture/Sales</i> | - | - |
| <i>Lafourche Parish District Attorney, Asset Forfeiture/Sales</i> | - | - |
| Less Amounts Retained by Collecting Agency | | |
| <i>Amounts Self-Disbursed to Collecting Agency: Pre-Trial Diversion Program Fees</i> | - | - |
| Less Disbursements to Collections or Processing Agencies | | |
| Other disbursements to individuals | <u>9,000</u> | <u>9,000</u> |
| Subtotal Disbursements/Retainage | 9,000 | 9,000 |
| Ending Balance of Amounts Collected but Not Disbursed | <u><u>\$ 11,350</u></u> | <u><u>\$ 21,100</u></u> |

CITY OF THIBODAUX

Thibodaux, Louisiana

**JUSTICE SYSTEM FUNDING SCHEDULE-RECEIVING ENTITY
AS REQUIRED BY ACT 87 OF 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 4.9

| | First Six Month Period Ended 6/30/21 | Second Six Month Period Ended 12/31/21 |
|---|---|---|
| <u>Receipts from:</u> | | |
| <i>Thibodaux City Court, Criminal Court Costs/Fees - Witness Fees</i> | \$ 3,505 | \$ 3,052 |
| <i>Thibodaux City Court, Criminal Court Costs/Fees - Intoxilyzer</i> | 450 | 150 |
| <i>Thibodaux City Court, Criminal Court Costs/Fees - Court Fines</i> | 45,240 | 30,591 |
| <i>Lafourche Parish District Attorney, Restitution</i> | - | 465 |
| Total | <u>\$ 49,195</u> | <u>\$ 34,258</u> |

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

To the Honorable Mayor and
Members of the Council
City of Thibodaux, 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, each major fund, and the aggregate remaining fund information of the City of Thibodaux, Louisiana (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2022. Our report includes a reference to other auditors who audited the financial statements of Thibodaux Volunteer Fire Department, Inc. and City Court of Thibodaux, Louisiana, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be significant deficiencies.



Report on Compliance and Other Matters

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

City of Thibodaux, Louisiana's Response to Findings

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

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.

A handwritten signature in cursive script that reads 'Postlethwaite & Netterville'.

Baton Rouge, Louisiana
June 27, 2022



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

To the Honorable Mayor and
Members of the Council
City of Thibodaux, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Thibodaux, Louisiana's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it

exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2021-004 to be a significant deficiency in internal control over compliance.



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 27, 2022

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

| Federal Grantor Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | Pass-Through Grantor's ID Number | Federal Expenditures |
|---|-----------------------------------|----------------------------------|----------------------|
| HOUSING VOUCHER CLUSTER | | | |
| UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Passed through the Office of Public Housing and Indian Housing | | | |
| Section 8 Housing Choice Vouchers | 14.871 | LA194VO | \$ 1,262,975 |
| COVID-19 - Section 8 Mainstream Vouchers | 14.871 | N/A | 110,481 |
| Section 8 VASH Vouchers | 14.871 | N/A | 25,574 |
| TOTAL HOUSING VOUCHER CLUSTER | | | <u>1,399,030</u> |
| CDBG - ENTITLEMENT GRANTS CLUSTER | | | |
| UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Passed through the Office of Community Planning and Development | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-20-MC-22-0012 | 162,434 |
| Community Development Block Grants/Entitlement Grants | 14.218 | B-21-MC-22-0012 | 22,938 |
| COVID-19 - Community Development Block Grants/Entitlement Grants | 14.218 | B-19-MC-22-0012 CARES Act | 45,758 |
| TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER | | | <u>231,130</u> |
| TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>1,630,160</u> |
| CLEAN WATER STATE REVOLVING FUND CLUSTER | | | |
| UNITED STATES ENVIRONMENTAL PROTECTION AGENCY | | | |
| Passed through Louisiana Department of Environmental Quality | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | CS-221905-02 | 597,622 |
| TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER | | | <u>597,622</u> |
| TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY | | | <u>597,622</u> |
| HIGHWAY SAFETY CLUSTER | | | |
| UNITED STATES DEPARTMENT OF TRANSPORTATION | | | |
| Passed through Louisiana Highway Safety Commission | | | |
| State and Community Highway Safety - LHSC 2020-2021 | 20.600 | 2021-30-55 | 11,975 |
| State and Community Highway Safety - LHSC 2021-2022 | 20.600 | 2022-30-55 | 146 |
| Alcohol Impaired Driving Countermeasure Incentive - LHSC 2020-2021 | 20.601 | 2021-30-55 | 26,793 |
| Alcohol Impaired Driving Countermeasure Incentive - LHSC 2021-2022 | 20.601 | 2022-30-55 | 4,841 |
| TOTAL HIGHWAY SAFETY CLUSTER | | | <u>43,755</u> |
| HIGHWAY PLANNING AND CONSTRUCTION CLUSTER | | | |
| UNITED STATES DEPARTMENT OF TRANSPORTATION | | | |
| Passed through Louisiana Department of Transportation and Development | | | |
| Acadia Roundabout | 20.205 | H009320/H.009320.5 | 10,598 |
| TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER | | | <u>10,598</u> |
| TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION | | | <u>54,353</u> |
| UNITED STATES DEPARTMENT OF THE TREASURY | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | | | |
| | 21.027 | N/A | 155,933 |
| TOTAL UNITED STATES DEPARTMENT OF THE TREASURY | | | <u>155,933</u> |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

| Federal Grantor Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's ID Number | Federal Expenditures |
|---|---------------------|----------------------------------|----------------------|
| UNITED STATES DEPARTMENT OF JUSTICE | | | |
| BUREAU OF JUSTICE ASSISTANCE | | | |
| Bullet Proof Vest Partnership Program | 16.607 | N/A | 1,216 |
| TOTAL UNITED STATES DEPARTMENT OF JUSTICE | | | 1,216 |
| TOTAL FEDERAL ASSISTANCE EXPENDED | | | \$ 2,439,284 |

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant award of the City under programs of the federal government for the year ended December 31, 2021 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B - RECONCILIATION OF FEDERAL EXPENDITURES

| | |
|---|--------------|
| Federal assistance expended as reported on Schedule of Expenditures of Federal Awards | \$ 2,439,284 |
| Less: loan proceeds recorded on Schedule of Expenditures of Federal Awards | |
| Capitalization Grants for Clean Water State Revolving Funds | (597,622) |
| Less: Section 8 revenues received in prior year for current year expenditures | (12,660) |
| Less: revenues recorded as salary reimbursements | |
| Louisiana Highway Safety Commission | (43,755) |
| Total intergovernmental revenues | \$ 1,785,247 |
| Intergovernmental revenues as reported on Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position | |
| Governmental Funds | \$ 1,629,313 |
| Proprietary Funds | 155,934 |
| | \$ 1,785,247 |

NOTE C - INDIRECT COST RATE

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

NOTE D - CLEAN WATER STATE REVOLVING LOAN FUND

The City received loan assistance for the following program:

| Program Title | Federal CFDA Number | Outstanding Balance as of December 31, 2021 | New Loans Made During the Year Ended December 31, 2021 |
|---|---------------------|---|--|
| Capitalization Grants for Clean Water State Revolving Funds | | \$ 10,033,652 | \$ 2,635,800 |
| Less: Source of Funds - State or Repayment Funds | | (5,386,725) | (2,038,178) |
| Federal Portion of Loan | 66.458 | \$ 4,646,927 | \$ 597,622 |

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
• Material weakness identified Yes X No
• Significant deficiency identified not considered
to be a material weakness? X Yes None reported
Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over financial reporting:
• Material weakness identified Yes X No
• Significant deficiency identified not considered
to be a material weakness? X Yes None reported
Type of auditors' report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in
accordance with 2 CFR section 200.516(a)? Yes X No

Identification of major program:

| <u>Name of Federal Program or Cluster</u> | <u>Federal Assistance Listing Number</u> |
|---|--|
| Housing Voucher Cluster | 14.871 |

Dollar threshold used to distinguish between Type A and
Type B programs: \$750,000
Auditee qualified as low-risk auditee? X Yes No

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001 INTERNAL CONTROL - LACK OF SEGREGATION OF DUTIES

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

Condition: Administrative access within the accounting system is granted to users that are also responsible for performing various accounting functions including the approval of disbursements and the signing of checks. Also, supporting documentation is not examined when the checks are signed; however, the invoice is approved prior to signing the check. In addition, one of the dual signatures is stamped on the check without any review of supporting documentation. This is a repeat finding from December 31, 2019 and 2020.

Cause: Internal controls related to administrative access, cash disbursements, and vendor account maintenance have not been designed to properly safeguard the assets of the City and to prevent or detect misstatements.

Effect: The assets of the City have not been properly safeguarded and misstatements could occur and not be detected by the internal controls of the City.

Recommendation: Access to administrative privileges should be evaluated and restricted to IT personnel. If this is not practical, mitigating controls should be in place to compensate for the lack of access controls. User access review should be performed routinely. Supporting documentation should be reviewed by both parties when signing/stamping checks even if the invoice has been previously approved.

View of Responsible Official: Management concurs with the finding.

2021-002 RECONCILIATIONS

Criteria: Internal controls should be designed to ensure proper reconciliation of all grant reimbursement requests to the accounting records to prevent or detect misstatements. These reconciliations should be reviewed by an individual with appropriate knowledge of expenditures and program regulations.

Condition: During the assessment of internal control over financial reporting, we identified a deficiency in the design of the controls over the grant reimbursement reconciliation function. There is currently no review of COVID and FEMA reimbursement requests. Additionally, there is no documented review of other grant reimbursement requests.

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

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

Recommendation: Proper internal controls should be established that ensure proper reconciliations of grant reimbursement requests are performed and properly accounted for in the financial records.

View of Responsible Official: Management concurs with the finding.

2021-003 DISPOSAL OF SURPLUS MOVABLE PROPERTY

Criteria: Louisiana Revised Statute 49:125 provides that a municipality may sell movable property at a public auction open to private persons once a resolution is passed giving the reasons for the auction and setting the minimum price and terms of the sale. The municipality must advertise the sale, and no sale shall be at a price less than is required by law, with the municipality reserving the right to reject any and all bids and remove them from the sale. Notice of the sale should be published at least once, at least fifteen days prior to the sale, indicating the minimum bid and appraised value of the item and the municipality's right to reject any and all bids. Further, the sale may be advertised and sealed bids submitted to the municipality, with the property awarded to the highest bidder, provided the municipality receives the property's fair value.

CITY OF THIBODAUX
Thibodaux, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

2021-003 DISPOSAL OF SURPLUS MOVABLE PROPERTY (Continued)

Condition: The City traded in a vehicle as part of the purchase of a new vehicle. A minimum price was not set nor was an auction advertised or made public.

Cause: The City's internal controls are not sufficient to ensure compliance with Louisiana asset disposal laws.

Effect: The City failed to set a minimum sales price, receive an appraisal, advertise the auction, or hold an auction. The City is in violation of Louisiana Revised Statute 49:125. The City may not have received the maximum proceeds for the assets disposed.

Recommendation: The City should implement policies and procedures that ensure the proper procedures are followed regarding the disposal of surplus movable property.

View of Responsible Official: Management concurs with the finding.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-004 REPORTING

United State Department of Housing and Urban Development

Passed through the Office of Public Housing and Indian Housing
Housing Voucher Cluster (Federal Assistance No. 14.871 – Grant No. LA194VO)

Criteria: The Uniform Financial Reporting Standards (24 CFR section 5.801) require Public Housing Authorities to submit timely GAAP based unaudited and audited financial information electronically to HUD.

Condition: The City did not submit its annual unaudited submission in a timely manner. The submission for fiscal year end 2021 was due on February 28, 2022 but was not submitted until March 31, 2022.

Cause: The City does not have policies and procedures in place to ensure compliance with federal reporting requirements regarding the annual unaudited submission to HUD.

Questioned Costs: N/A

Effect: The City failed to submit timely GAAP based unaudited financial information electronically to HUD.

Recommendation: The City should implement policies and procedures that ensure the proper procedures are followed to ensure compliance with federal reporting requirements.

Identification of a repeat finding: This is a new finding in the current year.

View of Responsible Official: Management concurs with the finding.

CITY OF THIBODAUX
Thibodaux, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES
For the Year Ended December 31, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001 INTERNAL CONTROL - LACK OF SEGREGATION OF DUTIES

Condition: Administrative access within the system is granted to users that are also responsible for performing various accounting functions including the approval of disbursements and the signing of checks. These duties should be segregated. During the assessment of internal control over financial reporting, we also noted a deficiency in the design of internal controls due to inadequate segregation of duties over vendor account maintenance.

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

B. FINDINGS – COMPLIANCE WITH LAWS AND REGULATIONS

2020-002 DISPOSAL OF SURPLUS MOVABLE PROPERTY

Condition: The City has a contract with Enterprise Fleet Management that provides for Enterprise to sell, at wholesale auctions, any vehicles assigned to them by the City. The sales prices, net of a service fee for each vehicle, is to be remitted to the City. The City declared nine of its own vehicles surplus for Enterprise to auction. A minimum price was not set nor was the auction advertised or made public.

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

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

None.

CITY OF THIBODAUX

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TOMMY ESCHETE
MAYOR

TELEPHONE: (985) 446-7218
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

The following contains the City of Thibodaux's corrective action plan for the findings in the 2021 City audit.

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001 INTERNAL CONTROL - LACK OF SEGREGATION OF DUTIES

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

Condition: Administrative access within the accounting system is granted to users that are also responsible for performing various accounting functions including the approval of disbursements and the signing of checks. Also, supporting documentation is not examined when the checks are signed; however, the invoice is approved prior to signing the check. In addition, one of the dual signatures is stamped on the check without any review of supporting documentation. This is a repeat finding from December 31, 2019 and 2020.

Cause: Internal controls related to administrative access, cash disbursements, and vendor account maintenance have not been designed to properly safeguard the assets of the City and to prevent or detect misstatements.

Effect: The assets of the City have not been properly safeguarded and misstatements could occur and not be detected by the internal controls of the City.

Recommendation: Access to administrative privileges should be evaluated and restricted to IT personnel. If this is not practical, mitigating controls should be in place to compensate for the lack of access controls. User access review should be performed routinely. Supporting documentation should be reviewed by both parties when signing/stamping checks even if the invoice has been previously approved.

View of Responsible Official: Management concurs with the finding.

The City will compare checks to the payment check register to ensure all disbursements are paid properly. The IT Director will review administrative access to the INCODE Financial software. The process log report will be used as supporting documentation to show review of administrative privileges and will be printed, reviewed and initialed on routinely.

2021-002 RECONCILIATIONS

Criteria: Internal controls should be designed to ensure proper reconciliation of all grant reimbursement requests to the accounting records to prevent or detect misstatements. These reconciliations should be reviewed by an individual with appropriate knowledge of expenditures and program regulations.

Condition: During the assessment of internal control over financial reporting, we identified a deficiency in the design of the controls over the grant reimbursement reconciliation function. There is currently no review of COVID and FEMA reimbursement requests. Additionally, there is no documented review of other grant reimbursement requests.

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Recommendation: Proper internal controls should be established that ensure proper reconciliations of grant reimbursement requests are performed and properly accounted for in the financial records.

View of Responsible Official: Management concurs with the finding.

The City of Thibodaux Finance office will work on reconciling COVID and FEMA expenses submitted by the Emergency Preparedness Director. Grant reconciliations will be properly documented as being reviewed.

COMPLIANCE WITH LAWS AND REGULATIONS

2021-003 DISPOSAL OF SURPLUS MOVABLE PROPERTY

Criteria: Louisiana Revised Statute 49:125 provides that a municipality may sell movable property at a public auction open to private persons once a resolution is passed giving the reasons for the auction and setting the minimum price and terms of the sale. The municipality must advertise the sale, and no sale shall be at a price less than is required by law, with the municipality reserving the right to reject any and all bids and remove them from the sale. Notice of the sale should be published at least once, at least fifteen days prior to the sale, indicating the minimum bid and appraised value of the item and the municipality's right to reject any and all bids. Further, the sale may be advertised and sealed bids submitted to the municipality, with the property awarded to the highest bidder, provided the municipality receives the property's fair value.

Condition: The City traded in a vehicle as part of the purchase of a new vehicle. A minimum price was not set nor was an auction advertised or made public.

Cause: The City's internal controls are not sufficient to ensure compliance with Louisiana asset disposal laws.

Effect: The City failed to set a minimum sales price, receive an appraisal, advertise the auction, or hold an auction. The City is in violation of Louisiana Revised Statute 49:125. The City may not have received the maximum proceeds for the assets disposed.

Recommendation: The City should implement policies and procedures that ensure the proper procedures are followed regarding the disposal of surplus movable property.

View of Responsible Official: Management concurs with the finding.

The City of Thibodaux will follow Louisiana laws in regards to the disposal of movable surplus property and include a column so that we can input values or minimum bid values on bid documents.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-004 REPORTING

United State Department of Housing and Urban Development

Passed through the Office of Public Housing and Indian Housing
Housing Voucher Cluster (Federal Assistance No. 14.871 – Grant No. LA194VO)

Criteria: The Uniform Financial Reporting Standards (24 CFR section 5.801) require Public Housing Authorities to submit timely GAAP based unaudited and audited financial information electronically to HUD.

Condition: The City did not submit its annual unaudited submission in a timely manner. The submission for fiscal year end 2021 was due on February 28, 2022 but was not submitted until March 31, 2022.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

2021-004 REPORTING (Continued)

Cause: The City does not have policies and procedures in place to ensure compliance with federal reporting requirements regarding the annual unaudited submission to HUD.

Questioned Costs: N/A

Effect: The City failed to submit timely GAAP based unaudited and audited financial information electronically to HUD.

Recommendation: The City should implement policies and procedures that ensure the proper procedures are followed to ensure compliance with federal reporting requirements.

Identification of a repeat finding: This is a new finding in the current year.

View of Responsible Official: Management concurs with the finding.

The City of Thibodaux Section 8 office uses an outside accountant to handle and submit all documents to HUD. Due to the nature of having Hurricane Ida hit south Louisiana in August 2021, the City believes that had this outside accountant asked for a waiver from HUD that the agency would have granted the extension.

Respectfully,



Tommy Eschete
Mayor



To the Honorable Mayor and
Members of the Council
Thibodaux, LA

We have audited the general-purpose financial statements of the City of Thibodaux (the City) for the year ended December 31, 2021, and have issued our report thereon dated June 27, 2022. As part of our audit, we made a study and evaluation of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

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

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

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated June 27, 2022, on the financial statements of the City or the City's internal control over financial reporting.

ML 21-001 Review and Documentation of Reconciliation Procedures

Condition: The reconciliations of capital outlay, certain grant financial reports, and debt schedules are prepared by the Finance Director due to limited staffing. Some reconciliations are prepared and reviewed by two separate individuals and this review is documented by initialing the respective document. However, the date of this review may not always be evident on the reconciliation. In other instances, evidence of review is denoted by a checkmark which does not provide sufficient documentation as to the individual who reviewed the reconciliation.

Recommendation: The City should review all reconciliations, and documentation of the review should include the individual performing the review and the date it was performed.

ML 21-002 Suspension and Debarment

Condition: The City’s contracting policy does not specify the process for ensuring no contracts are issued to parties who are suspended or debarred.

Recommendation: The City should consider amending its policy to address the process for ensuring no contracts are issued to parties who are suspended or debarred.

ML 21-003 Documentation

Condition: The City purchased a vehicle through the “piggyback” provision under Louisiana law but did not retain the support to document compliance with Louisiana Bid Law.

Recommendation: The City should retain all documentation to evidence compliance with Louisiana Bid Law.

ML 21-004 Federal Equipment Purchases

Condition: The City charged the purchase of a vehicle to the Section 8 program without receiving prior written approval from HUD. Per Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart E Section 200.439 (b) (1), Capital expenditures for general purpose equipment are unallowable as direct costs, except with the prior written approval of the Federal awarding agency, (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency.

Recommendation: The City should ensure that prior written approval is obtained from the Federal awarding agency for capital expenditures for special purpose equipment with a unit cost of \$5,000 or more.



ML 21-005 Information System Control Environment

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

Recommendations: The City should consider implementing the following:

- The City should implement password complexity requirements for Active Directory to include alphanumeric characters and a combination of upper case, lower case, numbers, and symbols be enabled.
- The City should consider developing formally documented IT policies and procedures to address the following areas: passwords, remote authentication techniques, physical security, and change management. Additionally, this policy should be periodically reviewed and updated, as needed.
- The City should consider implementing IT and Information Security employee training to new hires and periodically thereafter.

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 27, 2022



Status of Prior Year Management Letter Comments

ML 20-001

Related Party Transactions

Condition:

Louisiana Revised Statute 42:1113 provides that no public servant or member of such a servant's immediate family shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant. The City purchased uniforms for new police officers from a vendor which is owned by an immediate family member of one of the department directors of the City. These transactions violate Louisiana R.S. 42:1113.

Current Status:

Resolved.

ML 20-002

Best Practices

Condition:

The City's contracting policy does not specify the process for ensuring no contracts are issued to parties who are suspended or debarred.

Current Status:

Similar conditions are repeated for the current year. See ML 21-002.

ML 20-003

Information System Control Environment

Condition:

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

Current Status:

Similar conditions are repeated for the current year. See ML 21-004.

CITY OF THIBODAUX

OFFICE OF THE MAYOR

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TOMMY ESCHETE
MAYOR

TELEPHONE: (985) 446-7218
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The following contains the City of Thibodaux's comments to the management comments for the 2021 City audit.

ML 21-001

Review and Documentation of Reconciliation Procedures

Condition:

The reconciliations of capital outlay, certain grant financial reports, and debt schedules are prepared by the Finance Director due to limited staffing. Some reconciliations are prepared and reviewed by two separate individuals and this review is documented by initialing the respective document. However, the date of this review may not always be evident on the reconciliation. In other instances, evidence of review is denoted by a checkmark which does not provide sufficient documentation as to the individual who reviewed the reconciliation.

Recommendation:

The City should review all reconciliations, and documentation of the review should include the individual performing the review and the date it was performed.

City Response:

Some reconciliations have been performed by the Finance Director due to the transition and training of new employees; however, the Finance Director has implemented putting dates by the initials on various documents as recommended. This procedure has been implemented on 6/14/2022. The previous Director that was using checkmarks is no longer employed since May 13, 2021 so that practice had stopped on that date.

ML 21-002

Suspension and Debarment

Condition:

The City's contracting policy does not specify the process for ensuring no contracts are issued to parties who are suspended or debarred.

Recommendation:

The City should consider amending its policy to address the process for ensuring no contracts are issued to parties who are suspended or debarred.

City Response:

The City has updated the Uniform Guidance section in the purchasing policy to include this section. The document was signed by the Mayor on 6/14/2022.

ML 21-003

Documentation

Condition:

The City purchased a vehicle through the "piggyback" provision under Louisiana law but did not retain the support to document compliance with Louisiana Bid Law.

Recommendation:

The City should retain all documentation to evidence compliance with Louisiana Bid Law.

City Response: The City will keep the documentation received for this provision in PDF format so that it is available for review if requested by auditors or administration.

ML 21-004 **Federal Equipment Purchases**

Condition: The City charged the purchase of a vehicle to the Section 8 program without receiving prior written approval from HUD. Per Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart E Section 200.439 (b) (1), Capital expenditures for general purpose equipment are unallowable as direct costs, except with the prior written approval of the Federal awarding agency, (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency.

Recommendation: The City should ensure that prior written approval is obtained from the Federal awarding agency for capital expenditures for special purpose equipment with a unit cost of \$5,000 or more.

City Response: The City of Thibodaux Section 8 Housing uses an outside accountant for program related matters and to submit all information to HUD on a regular basis. The outside accountant was unaware of this provision and referred to the New Orleans HUD office with no response. The City feels that this was an isolated incident that will not happen again since it has been made aware of the provision in Uniform Guidance.

ML 21-005 **Information System Control Environment**

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

Recommendations: The City should consider implementing the following:

- The City should implement password complexity requirements for Active Directory to include alphanumeric characters and a combination of upper case, lower case, numbers, and symbols be enabled.
- The City should consider developing formally documented IT policies and procedures to address the following areas: user access, passwords, remote authentication techniques, physical security, and change management. Additionally, this policy should be periodically reviewed and updated, as needed.
- The City should consider implementing IT and Information Security employee training to new hires and periodically thereafter.

City Response: Under the present administration, the City chooses not to implement password complexity requirements. The IT department has developed IT policies and procedures. The document will

be reviewed and updated as needed.

The City's IT department will look into the availability of web based employee training for IT and Information Security.

Respectfully,

A handwritten signature in blue ink, appearing to read "Tommy Eschete". The signature is fluid and cursive, with a large loop at the end.

Tommy Eschete
Mayor