
CITY OF HARAHAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2021



CITY OF HARRAHAN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2021

CITY OF HARRAHAN, LOUISIANA

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A Professional Accounting Corporation

Independent Auditors' Report

The Honorable Mayor and City
Council City of Harahan, State
Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Harahan, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of 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.

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 auditors' 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 and *Government 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 and *Government 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, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of employer contributions to the defined benefit plans on pages 4-13 and 53-56 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 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 Schedule of Compensation Paid to City Council Members, the Schedule of Compensation, Benefits and Other Payments to the Agency Head, and the Justice System Funding Schedule – Collecting / Disbursing Entity 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, the Schedule of Compensation Paid to City Council Members, the Schedule of Compensation, Benefits and Other Payments to the Agency Head, and the Justice System Funding Schedule – Collecting / Disbursing Entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated 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 City's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana

June 27, 2022

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

As financial management of the City government, we offer this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. We encourage readers to consider the information presented here with the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of the City's government exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$1,540,402 (*net position*).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$117,080, a decrease of \$1,727,016 from the December 31, 2020 balance of \$1,844,096.
- At December 31, 2021, fund balance for the General fund is \$1,672,102, which includes nonspendable fund balance of \$60,062, restricted for police compensation fund balance of \$124,834 and an unassigned surplus fund balance of \$1,487,206. This represents a \$1,032,537 increase from the December 31, 2020 balance of \$639,565. The unassigned surplus fund balance in the general fund of \$1,487,206 represents an increase in unassigned fund balance of \$995,350 from the December 31, 2020 balance of \$491,856.
- Current liabilities – unearned revenue in the general fund and capital projects fund decreased from \$713,499 to \$413,491, a decrease of \$300,008 at December 31, 2021 due to funds spent on street improvements.
- Deferred inflows of resources – unavailable revenue in the general fund decreased from \$1,657,629 to \$1,597,694, a decrease of \$59,935 at December 31, 2021.
- Deferred inflows of resources – unavailable revenue in the proprietary fund (sewer fund) decreased from \$291,803 to \$290,737, a decrease of \$1,066 at December 31, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF HARAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Government-Wide Financial Statements (continued)

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

Both of the government-wide financial statements distinguish functions of the City 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 of the City include general government, public safety (police and fire), recreation, public works, sanitation, and interest on debt. The City has one business-type activities, the Sewer fund. The government-wide financial statements (Statement A and Statement B) can be found on pages 14-15 of this report.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sales Tax Fund, Debt Reserve Fund, and the Capital Projects Fund, which are considered to be major funds. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements (Statement C and Statement E) can be found on pages 16 and 18 of this report.

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Fund Financial Statements (continued)

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City maintains one type of proprietary fund. The City uses the enterprise fund to account for its operations and maintenance of the sewer and water facilities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements (Statement G, Statement H, and Statement I) can be found on pages 20-22 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. At December 31, 2021, the City has no fiduciary funds.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 23-52 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning general fund and sales tax budgetary comparisons, the net pension liability, and contributions to defined benefit pension plans. Required supplementary information can be found at Schedules 1 through 4 on pages 53-56.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,540,402 at December 31, 2021.

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Government-Wide Financial Analysis (continued)

The following table reflects the condensed Statement of Net Position as of December 31, 2021:

	City of Harahan's Net Position					
	December 31					
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 5,072,339	\$ 3,858,110	\$ 271,477	\$ 270,065	\$ 5,343,816	\$ 4,128,175
Restricted assets	504,969	485,496	414,866	414,674	919,835	900,170
Capital assets	2,991,495	2,587,369	6,669,666	5,897,651	9,661,161	8,485,020
Other	240,338	470,767	(240,338)	(470,767)	-	-
Total assets	<u>8,809,141</u>	<u>7,401,742</u>	<u>7,115,671</u>	<u>6,111,623</u>	<u>15,924,812</u>	<u>13,513,365</u>
Deferred outflows of resources:						
Bond refunding	2,232	3,921	-	-	2,232	3,921
Deferred amounts - net pension liability	1,315,209	1,587,452	-	-	1,315,209	1,587,452
Total deferred outflows	<u>1,317,441</u>	<u>1,591,373</u>	<u>-</u>	<u>-</u>	<u>1,317,441</u>	<u>1,591,373</u>
Liabilities:						
Current liabilities	3,960,249	1,297,804	1,127,494	791,725	5,087,743	2,089,529
Long-term liabilities	4,515,325	5,383,380	2,567,560	2,147,679	7,082,885	7,531,059
Total liabilities	<u>8,475,574</u>	<u>6,681,184</u>	<u>3,695,054</u>	<u>2,939,404</u>	<u>12,170,628</u>	<u>9,620,588</u>
Deferred inflows of resources:						
Unearned revenue	1,669,994	1,657,629	290,737	291,803	1,960,731	1,949,432
Deferred amounts - net pension liability	1,570,492	426,457	-	-	1,570,492	426,457
Total deferred inflows	<u>3,240,486</u>	<u>2,084,086</u>	<u>290,737</u>	<u>291,803</u>	<u>3,531,223</u>	<u>2,375,889</u>
Net Position:						
Net investment in capital assets	2,991,495	2,587,369	4,102,106	3,749,972	7,093,601	6,337,341
Restricted for police	124,834	94,532	-	-	124,834	94,532
Restricted for debt service	250,019	249,905	214,687	214,588	464,706	464,493
Restricted for repairs	-	-	200,179	200,086	200,179	200,086
Unrestricted	(4,955,826)	(2,703,961)	(1,387,092)	(1,284,230)	(6,342,918)	(3,988,191)
Net position (deficit)	<u>\$ (1,589,478)</u>	<u>\$ 227,845</u>	<u>\$ 3,129,880</u>	<u>\$ 2,880,416</u>	<u>\$ 1,540,402</u>	<u>\$ 3,108,261</u>

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Government-Wide Financial Analysis (continued)

By far, the largest portion of the City's net position is its \$7,093,601 net investment in capital assets (e.g. land, buildings, streets, machinery, vehicles, sewer system, and equipment); less any related debt used to acquire those assets that is still outstanding, and adding back any unspent bond proceeds. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$124,834, \$464,706, and \$200,179) represents resources that are subject to external restrictions on how they may be used for debt service and for repairs and maintenance to the sewer fund. The remaining unrestricted net position is a deficit of (\$6,342,918), which is an increase in the deficit of \$2,354,727.

The following table provides a summary of the changes in net position for the year ended December 31, 2021:

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenue:						
Charges for services	\$ 1,701,606	\$ 1,708,230	\$ 1,022,182	\$ 1,026,840	\$ 2,723,788	\$ 2,735,070
Operating grants and contributions	178,228	282,125	-	-	178,228	282,125
Capital grants and contributions	551,000	204,219	-	-	551,000	204,219
General revenue:						
Ad valorem (property) taxes	1,834,909	1,763,944	384,435	365,567	2,219,344	2,129,511
Sales and use taxes	2,839,596	2,310,594	-	-	2,839,596	2,310,594
Fines, forfeitures, and other	295,035	331,109	-	-	295,035	331,109
Gaming taxes	510,840	313,024	-	-	510,840	313,024
Interest income	2,847	23,027	304	2,624	3,151	25,651
CARES Act Funding	-	1,228,965	-	-	-	1,228,965
Loss on disposal of assets	(111,061)	-	-	-	(111,061)	-
Transfer	-	-	-	-	-	-
Miscellaneous	526,822	188,217	90,189	(9,964)	617,011	178,253
Total revenues	<u>8,329,822</u>	<u>8,353,454</u>	<u>1,497,110</u>	<u>1,385,067</u>	<u>9,826,932</u>	<u>9,738,521</u>
Expenses:						
General government - other	4,771,303	1,722,434	-	-	4,771,303	1,722,434
Public safety - police	2,523,944	2,989,089	-	-	2,523,944	2,989,089
Public safety - fire	1,361,043	1,273,025	-	-	1,361,043	1,273,025
Public works	498,178	536,890	-	-	498,178	536,890
Sewer	-	-	1,247,646	1,326,833	1,247,646	1,326,833
Sanitation	655,023	652,523	-	-	655,023	652,523
Recreation	323,819	376,594	-	-	323,819	376,594
Interest and fiscal charges	13,835	18,098	-	-	13,835	18,098
Total expenses	<u>10,147,145</u>	<u>7,568,653</u>	<u>1,247,646</u>	<u>1,326,833</u>	<u>11,394,791</u>	<u>8,895,486</u>
Increase (decrease) in net position	(1,817,323)	784,801	249,464	58,234	(1,567,859)	843,035
Net position, January 1	227,845	(556,956)	2,880,416	2,822,182	3,108,261	2,265,226
Net position, December 31	<u>\$ (1,589,478)</u>	<u>\$ 227,845</u>	<u>\$ 3,129,880</u>	<u>\$ 2,880,416</u>	<u>\$ 1,540,402</u>	<u>\$ 3,108,261</u>

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Government-Wide Financial Analysis (continued)

Governmental activities decreased the City's net position by \$1,817,323 during the year ended December 31, 2021. Key elements of the increase are as follows:

- Capital grants and contributions increased \$346,781 due to funds relating to the purchase of the fire truck (\$300,000) and Louisiana State Grant (\$250,000)
- Sales and use tax increased by \$529,002 primarily due to higher tax collection in the months of April, May, July, August, and November.
- Miscellaneous revenues increased \$338,605 primarily due to a one time LGAP grant (\$41,940) and Colonial Estates donation (\$250,000)
- General government – other expenses increased by \$3,048,869 due to FEMA expenses incurred as a result of Hurricane Ida.
- Police related expenses decreased by \$465,145 due to a decrease in labor and related benefits (\$438,763).

Business-type activities increased the City's net position by \$249,464 during the year ended December 31, 2021. Key elements of the increase are as follows:

- Property tax revenue increased by \$18,868 due to increase in property valuations.
- Miscellaneous revenues increased by \$100,153 due to sewer impact fees.
- Sewer expenses decreased by \$79,187 primarily due to lower engineering costs (\$85,396) and legal expense (\$36,048).

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$117,080, a decrease of \$1,727,018 in comparison with the prior year. This total consists of general fund, \$1,672,102; sales tax fund, \$0; ARPA fund, \$0; FEMA fund, (\$3,080,212); debt service fund, \$250,019; and the capital projects fund, \$1,275,171. These fund balances are intended, and in some cases restricted, committed, or assigned, for specific purposes.

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Governmental Funds (continued)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was a surplus of \$1,487,206. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. Unassigned fund balance represents 22.09% of the general fund's final budgeted expenditures of \$6,733,886.

During the year ended December 31, 2021, the general fund balance increased by \$1,032,537 due primarily to the proceeds from issuance of debt exceeding budget estimates.

The sales tax fund reported fund balance of \$0 at December 31, 2021. Sales tax receipts in the sales tax fund are transferred to the general fund for operations of the City. Sales tax revenue of \$2,839,596 increased \$529,002 in comparison to the prior year.

The fund balance of the debt service fund increased from \$249,905 to \$250,019 due to interest income.

The fund balance of the capital projects fund increased from \$954,626 to \$1,275,171 during the year ended December 31, 2021. The increase of \$320,545 during 2021 represents an increase of 33.58% of total fund balance from the prior year. The increase was primarily due to the intergovernmental revenues relating to the purchase of the fire truck.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the City's proprietary fund amounted to a deficit of \$1,387,092, which is a decrease in the deficit of \$102,862 as compared to the prior year unrestricted net deficit of \$1,284,230.

General Fund Budgetary Highlights

The City approved the General fund budget during the year ended December 31, 2020. For the current fiscal year, the total revenue was greater than budgeted revenues by \$73,965 and the total expenditures were greater than budgeted expenditures by \$167,320.

Material differences between actual results and budgeted amounts are as follows:

- Gaming revenue of \$438,540 is greater than budgeted gaming revenue of \$332,791.
- Interest income of \$2,245 was less than the budgeted amounts of \$35,513.
- Public safety – fire costs of \$1,328,858 were greater than the budgeted amount of \$1,145,357.
- Proceeds from issuance of debt of \$1,000,000 were greater than the budgeted amount of \$0.
- Transfers into the general fund of \$2,638,041 were greater than the budgeted amounts of \$2,519,953.
- Transfers out of the general fund of \$438,540 were greater than the budgeted amounts of \$332,791.

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2021 amounts to \$9,661,161 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, transportation equipment, furniture and equipment, sewer system, and computer equipment.

**City of Harahan, Louisiana
Capital Assets (Net of Depreciation)
December 31, 2021**

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Land, land improvement, and buildings	\$ 2,313,992	\$ 13,727	\$ 2,327,719
Infrastructure	1,670,998	-	1,670,998
Sewer treatment plant and system	-	9,788,299	9,788,299
Transportation equipment	2,337,046	-	2,337,046
Other equipment	1,183,016	-	1,183,016
Furniture and fixtures	45,487	-	45,487
Computer equipment	432,792	-	432,792
Construction in progress	-	1,021,137	1,021,137
	<u>7,983,331</u>	<u>10,823,163</u>	<u>18,806,494</u>
Less: Accumulated Depreciation	<u>(4,991,836)</u>	<u>(4,153,497)</u>	<u>(9,145,333)</u>
	<u>\$ 2,991,495</u>	<u>\$ 6,669,666</u>	<u>\$ 9,661,161</u>

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

- Sewer and road improvements in the amount of \$956,879.
- Firetruck purchased in the amount of \$649,550.
- Fire radios in the amount of \$72,300.
- Generator in the amount of \$76,184.
- Net disposals of \$111,061 primarily related to buildings, equipment, and facilities which were damaged during Hurricane Ida.

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

CITY OF HARRAHAN, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,477,000. The debt represents bonds secured by specified revenue sources such as the general sales tax. The work for the \$4 million loan for repairs to the sewer and water system began during the 2014 year is still in progress at December 31, 2021. The balance on the DEQ loan is \$2,567,560 as of December 31, 2021. Additional information on long term obligations can be found in Note 7 of this report.

Economic Factors and Next Year's Budget and Rates

The City generally receives approximately 45% of its revenues from sales tax levied by the City and 35% from ad valorem taxes; therefore, economic indicators are very important in forming the budget estimates for the City's funds. Revenue assumptions are reviewed by the City Council and the Mayor. The uncertainties of the national, state, and local economy require prudent budgeting by the City's elected officials. The City continues to apply for federal and state grants related to infrastructure, improvements, and business development in order to improve the quality of life for the people of the City.

Located in Harahan is the largest piece of undeveloped property on the east bank of Jefferson Parish. The approximately 88-acre site is the former home of the Colonial Golf and Country Club. The site is zoned for approximately 15 acres of commercial development and 73 acres of residential development. In 2018, the City re-subdivided the approximate 15-acre commercial parcel into 6 commercial parcels. In 2018, the City (under the previous administration) issued a building permit which allowed for the construction of The Blake, an estimated \$28 million approximate 115 thousand square foot assisted living center located on a portion of the site of the commercial parcel. The Blake opened in December 2020. The City should realize an increased property tax impact for the 2022 tax year. In 2021, the City approved an eight (8) lot residential parcel. Said lots are currently on the market or under development. On June 29, 2021, the Council approved an Amended Development Agreement (ADA) to be executed by the Mayor and Developers. This ADA clears the way for further development of the 88-acre property at a more expedited rate. Among other matters, the Amended Development Agreement addressed material issues affecting the City including, but not limited to, Storm Water detention, Sewerage treatment, and other matters of financial impact to the City. Included in the ADA are advanced payments of impact fees and other financial incentives to the City. Development of the entire 88-acre site of expected high end housing and commercial properties is expected to have a positive impact on City revenues as well as create a significant number of jobs.

On March 26, 2022, the voters authorized the City to levy and collect a tax of 0.8%, in perpetuity, commencing July 1, 2022, upon the sale at retail, the use, the lease or rental, the consumption, and storage for use or consumption, of tangible personal property and on sales of services in the City, all as defined by law, with the proceeds of the tax, to be used for the purpose of operating the fire department of the City, including payment of salaries, insurance and other expenses of the fire department of the City. The City expects there to be proposed ordinances to budgeted sales tax amounts to reflect this increase in 2022 sales tax collections.

The City continues to work with federal and state agencies and FEMA for reimbursements for expenses incurred related to Hurricane Ida debris removal, emergency response, and damages to City facilities.

CITY OF HARAHAH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Economic Factors and Next Year's Budget and Rates (continued)

The COVID-19 outbreak in the United States has caused some disruptions to business and government entities normal activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the COVID-19 outbreak may impact the City's financial position or statement of activities cannot be reasonably estimated at this time.

Requests for Information

This financial report is designed to provide a general overview of the finances of the City of Harahan, Louisiana, 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 information should be addressed to the Mayor 6437 Jefferson Highway, Harahan, Louisiana, 70123.

CITY OF HARRAHAN, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Cash	\$ 4,513,454	\$ 157,561	\$ 4,671,015
Receivables	498,823	113,916	612,739
Prepaid expenses	60,062	-	60,062
Restricted cash	504,969	414,866	919,835
Capital assets			
Land	129,680	13,727	143,407
Capital assets, net	2,861,815	6,655,939	9,517,754
Internal balances	240,338	(240,338)	-
	<u>\$ 8,809,141</u>	<u>\$ 7,115,671</u>	<u>\$ 15,924,812</u>
<u>Deferred outflows of resources:</u>			
Deferred loss of resources on bond refunding	\$ 2,232	\$ -	\$ 2,232
Deferred amounts related to net pension liability	1,315,209	-	1,315,209
	<u>\$ 1,317,441</u>	<u>\$ -</u>	<u>\$ 1,317,441</u>
<u>Liabilities:</u>			
Accounts, salaries, and other payables	\$ 1,906,514	\$ 1,127,494	\$ 3,034,008
Interest payable	1,977	-	1,977
Unearned revenue	2,051,758	-	2,051,758
Long term liabilities			
Due within one year	245,400	172,000	417,400
Due after one year	1,695,347	2,395,560	4,090,907
Net pension liability	2,574,578	-	2,574,578
	<u>\$ 8,475,574</u>	<u>\$ 3,695,054</u>	<u>\$ 12,170,628</u>
<u>Deferred inflows of resources:</u>			
Unavailable revenue	\$ 1,669,994	\$ 290,737	\$ 1,960,731
Deferred amounts related to net pension liability	1,570,492	-	1,570,492
	<u>\$ 3,240,486</u>	<u>\$ 290,737</u>	<u>\$ 3,531,223</u>
<u>Net Position (deficit):</u>			
Net investment in capital assets	\$ 2,991,495	\$ 4,102,106	\$ 7,093,601
Restricted for police compensation	124,834	-	124,834
Restricted for debt service	250,019	214,687	464,706
Restricted for repairs and maintenance	-	200,179	200,179
Unrestricted	(4,955,826)	(1,387,092)	(6,342,918)
	<u>\$ (1,589,478)</u>	<u>\$ 3,129,880</u>	<u>\$ 1,540,402</u>

See accompanying notes to financial statements.

CITY OF HARAHAN, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government - other	\$ 4,771,303	\$ 1,013,823	\$ 178,228	\$ 251,000	\$ (3,328,252)	\$ -	\$ (3,328,252)
Public safety - police	2,523,944	-	-	-	(2,523,944)	-	(2,523,944)
Public safety - fire	1,361,043	-	-	300,000	(1,061,043)	-	(1,061,043)
Public works	498,176	-	-	-	(498,176)	-	(498,176)
Sanitation	655,023	687,783	-	-	32,760	-	32,760
Recreation	323,819	-	-	-	(323,819)	-	(323,819)
Interest and fiscal charges	33,935	-	-	-	(33,935)	-	(33,935)
Total governmental activities	<u>10,167,243</u>	<u>1,701,606</u>	<u>178,228</u>	<u>551,000</u>	<u>(7,736,409)</u>	<u>-</u>	<u>(7,736,409)</u>
Business-Type Activities:							
Sewer	<u>1,247,646</u>	<u>1,122,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,464)</u>	<u>(125,464)</u>
Total governmental activities	<u>\$ 11,414,889</u>	<u>\$ 2,823,788</u>	<u>\$ 178,228</u>	<u>\$ 551,000</u>	<u>(7,736,409)</u>	<u>(125,464)</u>	<u>(7,861,873)</u>
General revenues							
Taxes:							
Ad valorem (property) taxes					1,834,909	384,435	2,219,344
Sales and use taxes					2,839,596	-	2,839,596
Other funding sources, including grants:							
Fines, forfeitures, and other					295,035	-	295,035
Other state revenue not restricted to specific programs					510,840	-	510,840
Interest and investment earnings					2,847	304	3,151
Loss on disposal of assets					(111,061)	-	(111,061)
Miscellaneous					546,920	(9,811)	537,109
Total general revenues and transfers					<u>5,919,086</u>	<u>374,928</u>	<u>6,294,014</u>
Changes in net position					(1,817,323)	249,464	(1,567,859)
Net position, beginning of year					<u>227,845</u>	<u>2,880,416</u>	<u>3,108,261</u>
Net position (deficit), end of year					<u>\$ (1,589,478)</u>	<u>\$ 3,129,880</u>	<u>\$ 1,540,402</u>

See accompanying notes to financial statements.

CITY OF HARRAHAN, LOUISIANA
GOVERNMENTAL FUNDS - BALANCE SHEET
DECEMBER 31, 2021

	Special Revenue Fund						Total
	General	Sales Tax Fund	ARPA Fund	FEMA Fund	Debt Reserve Fund	Capital Projects Fund	
ASSETS							
Cash, unrestricted	\$ 1,466,861	\$ -	\$ 1,710,567	\$ -	\$ -	\$ 1,336,026	\$ 4,513,454
Cash, restricted	254,950	-	-	-	250,019	-	504,969
Receivables	204,583	221,940	-	-	-	72,300	498,823
Due from other funds	3,546,887	-	-	-	-	97,686	3,644,573
Prepaid expenses	60,062	-	-	-	-	-	60,062
Total assets	<u>\$ 5,533,343</u>	<u>\$ 221,940</u>	<u>\$ 1,710,567</u>	<u>\$ -</u>	<u>\$ 250,019</u>	<u>\$ 1,506,012</u>	<u>\$ 9,221,881</u>
LIABILITIES							
Accounts payable	\$ 1,734,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,734,681
Accrued salaries	171,833	-	-	-	-	-	171,833
Due to other funds	102,083	221,940	-	3,080,212	-	-	3,404,235
Unearned revenue	254,950	-	1,710,567	-	-	158,541	2,124,058
Total liabilities	<u>2,263,547</u>	<u>221,940</u>	<u>1,710,567</u>	<u>3,080,212</u>	<u>-</u>	<u>158,541</u>	<u>7,434,807</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	1,597,694	-	-	-	-	72,300	1,669,994
Total deferred inflows of resources	<u>1,597,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,300</u>	<u>1,669,994</u>
FUND BALANCES (DEFICIT)							
Nonspendable	60,062	-	-	-	-	-	60,062
Restricted for police compensation	124,834	-	-	-	-	-	124,834
Restricted for debt service	-	-	-	-	250,019	-	250,019
Committed	-	-	-	-	-	1,275,171	1,275,171
Unassigned	1,487,206	-	-	(3,080,212)	-	-	(1,593,006)
Total fund balances (deficit)	<u>1,672,102</u>	<u>-</u>	<u>-</u>	<u>(3,080,212)</u>	<u>250,019</u>	<u>1,275,171</u>	<u>117,080</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,533,343</u>	<u>\$ 221,940</u>	<u>\$ 1,710,567</u>	<u>\$ -</u>	<u>\$ 250,019</u>	<u>\$ 1,506,012</u>	<u>\$ 9,221,881</u>

See accompanying notes to financial statements.

CITY OF HARAHAN, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total fund balances – governmental funds \$ 117,080

The cost of capital assets (land, buildings, furniture, and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those assets is allocated over their estimated useful lives (as depreciation expense) to the various programs and reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Capital assets	\$ 7,983,331	
Accumulated depreciation	<u>(4,991,836)</u>	2,991,495

Change in revenue accruals – Under modified accrual basis of accounting, revenues are not recognized unless they are deemed “available” to finance the expenditures of the current period. Accrual basis recognition is not limited to availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year.	<u>72,300</u>	72,300
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Accrual basis recognition of interest expenditures	<u>(1,977)</u>	(1,977)
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Deferred loss on bond refunding	<u>2,232</u>	2,232
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Net pension liability balances in accordance with GASB 68:		
Deferred outflow of resources - related to net pension liability	1,315,209	
Net pension liability	(2,574,578)	
Deferred inflow of resources - related to net pension liability	<u>(1,570,492)</u>	(2,829,861)

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All Liabilities – both current and long-term – are reported in the Statement of Net Position.

Balances at December 31, 2021 are:		
Bonds payable	\$ (477,000)	
Hurricane Recovery Revenue Note	(1,000,000)	
Compensated absences	<u>(463,747)</u>	<u>(1,940,747)</u>

Net position – governmental activities		<u>\$ (1,589,478)</u>
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See accompanying notes to financial statements.

CITY OF HARRAHAN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total
		Sales Tax Fund	ARPA Fund	FEMA Fund			
REVENUES							
Taxes							
Ad valorem	\$ 1,834,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,834,909
Sales and use	-	2,839,596	-	-	-	-	2,839,596
Intergovernmental	167,803	-	-	-	-	551,000	718,803
Franchise fees	456,514	-	-	-	-	-	456,514
Licenses and permits	557,309	-	-	-	-	-	557,309
Fines and forfeitures	295,035	-	-	-	-	-	295,035
Charges for services	687,783	-	-	-	-	-	687,783
Gaming revenue	438,540	-	-	-	-	-	438,540
Interest income	2,245	24	-	-	114	464	2,847
Federal revenue	27,246	-	-	-	-	-	27,246
Other	286,958	-	-	-	-	259,962	546,920
Total revenues	<u>4,754,342</u>	<u>2,839,620</u>	<u>-</u>	<u>-</u>	<u>114</u>	<u>811,426</u>	<u>8,405,502</u>
EXPENDITURES							
General government	1,583,802	201,579	-	2,783,128	-	135,613	4,704,122
Public safety - police	2,343,484	-	-	98,578	-	-	2,442,062
Public safety - fire	1,328,858	-	-	94,422	-	6,159	1,429,439
Public works	403,831	-	-	-	-	32,869	436,700
Sanitation	655,023	-	-	-	-	-	655,023
Recreation	310,125	-	-	-	-	-	310,125
Debt service							
Principal	231,000	-	-	-	-	-	231,000
Interest and fiscal charges	32,246	-	-	-	-	-	32,246
Capital outlay	32,937	-	-	104,084	-	754,780	891,801
Total expenditures	<u>6,921,306</u>	<u>201,579</u>	<u>-</u>	<u>3,080,212</u>	<u>-</u>	<u>929,421</u>	<u>11,132,518</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,166,964)</u>	<u>2,638,041</u>	<u>-</u>	<u>(3,080,212)</u>	<u>114</u>	<u>(117,995)</u>	<u>(2,727,016)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	2,638,041	-	-	-	-	438,540	3,076,581
Operating transfers out	(438,540)	(2,638,041)	-	-	-	-	(3,076,581)
Proceeds from issuance of long-term debt	1,000,000	-	-	-	-	-	1,000,000
Total other financing sources (uses)	<u>3,199,501</u>	<u>(2,638,041)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,540</u>	<u>1,000,000</u>
CHANGE IN FUND BALANCE	<u>1,032,537</u>	<u>-</u>	<u>-</u>	<u>(3,080,212)</u>	<u>114</u>	<u>320,545</u>	<u>(1,727,016)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>639,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249,905</u>	<u>954,626</u>	<u>1,844,096</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 1,672,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,080,212)</u>	<u>\$ 250,019</u>	<u>\$ 1,275,171</u>	<u>\$ 117,080</u>

See accompanying notes to financial statements.

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

Total changes in fund balances – governmental funds \$ (1,727,016)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense and loss of disposal in the project.

Capital outlays	\$ 891,801	
Loss on disposal of assets	(111,061)	
Depreciation expense	<u>(376,614)</u>	404,126

Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which current year proceeds exceed principal repayments .

Principal payments	231,000	
Hurricane Recovery Revenue Note	<u>(1,000,000)</u>	(769,000)

Change in revenue accruals - Under modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual basis recognition is not limited to availability, so certain revenues not available for spending are recognized in the current year.

55,479

Change in accrual basis recognition of interest expenditures

Current year amortization of loss on bond refunding		<u>(1,689)</u>
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Change in net pension liability and deferred inflows and outflows in accordance with GASB 68

103,059

In the Statement of Activities, certain operating expenses-compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

117,718

Change in net position of governmental activities

\$ (1,817,323)

See accompanying notes to financial statements.

CITY OF HARRAHAN, LOUISIANA
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 157,561
Accounts receivable	113,916
Due from other funds	6,250
Total current assets	<u>277,727</u>

NON-CURRENT ASSETS

Cash, restricted	414,866
Capital assets	
Land	13,727
Capital assets, net	<u>6,655,939</u>
Total non-current assets	<u>7,084,532</u>

Total assets	<u>\$ 7,362,259</u>
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LIABILITIES, DEFERRED OUTFLOWS, AND NET POSITION

CURRENT LIABILITIES

Accounts and other payables	\$ 1,127,494
Loan payable, current portion	172,000
Due to other funds	246,588
Total current liabilities	<u>1,546,082</u>

NON-CURRENT LIABILITY - LOAN PAYABLE

Total liabilities	<u>2,395,560</u>
	<u>3,941,642</u>

DEFERRED INFLOWS OF RESOURCES - UNAVAILABLE REVENUE

290,737

NET POSITION

Net investment in capital assets	4,102,106
Restricted for debt service	214,687
Restricted for repairs and maintenance by debt agreement	200,179
Unrestricted (deficit)	<u>(1,387,092)</u>
Total net position	<u>3,129,880</u>

Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,362,259</u>
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See accompanying notes to financial statements.

CITY OF HARRAHAN, LOUISIANA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES

Charges for service	\$ 1,022,182
Sewer impact fees	100,000
Total operating revenues	<u>1,122,182</u>

OPERATING EXPENSES

Contractual services	421,146
Supplies, maintenance and repairs	567,816
Depreciation	184,864
Miscellaneous	73,820
Total operating expenses	<u>1,247,646</u>

Operating loss	<u>(125,464)</u>
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NON-OPERATING REVENUES (EXPENSES)

Property tax revenue	384,435
Interest income	304
Interest expense	(9,811)
Total non-operating revenues (expenses)	<u>374,928</u>

CHANGE IN NET POSITION

249,464

NET POSITION - BEGINNING OF YEAR2,880,416**NET POSITION - END OF YEAR**\$ 3,129,880

See accompanying notes to financial statements.

CITY OF HARRAHAN, LOUISIANA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,073,945
Cash paid to suppliers for goods or services	<u>(727,013)</u>
Net cash provided by operating activities	<u>346,932</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Property taxes received	383,369
Change in due to general fund (claim on cash)	<u>(230,429)</u>
Net cash provided by financing activities	<u>152,940</u>

CASH FLOWS FROM CAPITAL ACTIVITIES

Purchase and construction of capital assets	(956,879)
Proceeds from note payable	553,881
Payments on note payable	(134,000)
Interest paid	<u>(9,811)</u>
Net cash used in capital activities	<u>(546,809)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>304</u>
Net cash provided by financing activities	<u>304</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(46,633)

CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR619,060**CASH AND CASH EQUIVALENTS: END OF YEAR**\$ 572,427**RECONCILIATION TO AMOUNTS ON THE STATEMENT OF FINANCIAL POSITION:**

Cash	\$ 157,561
Cash, restricted	414,866
Total cash	<u>\$ 572,427</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss	\$ (125,464)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	184,864
Changes in operating assets and liabilities	
Accounts receivable	(48,237)
Accounts and other payables	<u>335,769</u>
Net cash provided by operating activities	<u>\$ 346,932</u>

See accompanying notes to financial statements.

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies

The City of Harahan, Louisiana (the City) was incorporated under the provisions of the State of Louisiana Lawrason Act in 1920 as a village with a population then of 500 people and an area of 2.1 square miles. It was classified as a city in 1953 with a population of over 10,000 people. The City's population is approximately 9,300 people.

The City's financial statements include the accounts of all City operations. The City's operations include police and fire protection, waste collection, parks, recreation, public works, and general administrative services. In addition, the City owns and operates a local sewer system.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the reporting entity, for financial statement purposes, the City has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

The City's financial statements include operations of all activities over which the City exercises oversight responsibility. Oversight responsibility is demonstrated through financial interdependency, selection of governing authority, ability to significantly influence operations, and accountability for fiscal matters and, as such, the City is a reporting entity.

For financial reporting purposes, the City includes all funds and account groups that are controlled by or dependent on the Mayor and the City's Council.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, investment earnings, and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Sales Tax Fund - This fund is used to account for the sales tax proceeds of the City, which are transferred to the general fund. The sales tax fund is a special revenue fund and records the receipts of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This fund was created during the year ended December 31, 2018 to maintain the reserve funds for the bonds refinanced in 2016.

ARPA Fund - This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by Proprietary Funds).

FEMA Public Assistance Fund - This special revenue fund is used to account for the repairs and replacement of facilities, equipment, and supplies damaged by disasters. The funding is reimbursement grants through FEMA.

Capital Projects Fund - These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by Proprietary Funds).

The City reports the following major enterprise fund:

Sewer Fund - This fund is used to account for the sewerage and water treatment operations of the City where: (a) it is financed and operated in a manner similar to a private business enterprise, and (b) the periodic determination of net income is appropriate.

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

Proprietary funds distinguish operating revenues and expenses from 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. The principal operating revenues of the City's proprietary fund are charges to users. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF HARAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies (continued)

Cash

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy is that deposits can only be made in financial institutions insured by the FDIC.

Restricted Cash

Certain funds of governmental activities and business-type activities as well as certain resources set aside for bond repayment, are classified as restricted cash on the Statement of Net Position because their use is limited by applicable bond covenants. In addition, the General Fund reports restricted assets for unspent Department of Justice funds.

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables are stated at the amount the City expects to collect from outstanding balances. The City provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of each account. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At December 31, 2021, the City considers all receivables collectible and no allowance for doubtful accounts has been recorded.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, streets, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are recorded at acquisition value.

CITY OF HARAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All depreciable capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

Building and improvements	10-39 years
Computer equipment	5 years
Furniture and fixtures	7-10 years
Other equipment	5-15 years
Transportation equipment	5-10 years
Infrastructure	25 years
Sewer collection system	20-75 years
Sewer treatment plant	10-50 years

Capital assets are reviewed to evaluate prominent events or changes in circumstances to determine whether impairment of capital assets has occurred. The City follows guidance in GASB 42, as applicable, to record the effects of capital asset impairments.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and governmental funds balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time.

The governmental funds report a deferred inflow of resources for unavailable revenue from property taxes that were prepaid for the subsequent year. These amounts are deferred and will be recognized as revenue in the subsequent year. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Resources (continued)

Deferred outflows of resources also include a deferred loss on bond refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The governmental funds report a deferred inflow of resources for unearned revenue from proceeds from seized assets and from intergovernmental receipts that were received. These amounts are deferred and will be recognized as revenue when the proceeds are spent.

Compensated Absences

The compensated absences liability for the City includes two components, the employees annual leave and sick leave. The City's policy permits regular full-time employees to accumulate an amount of earned but unused annual leave and sick leave benefits. Annual leave and sick leave benefits are accrued in the period they are earned. For employees with 1 year of continuous service, 1 week of annual leave is earned per year from the employee's anniversary date. For employees with between 2 and 5 years of continuous service, 2 weeks of annual leave is earned per year. For employees with 6-9 years of employment, 3 weeks of annual leave is earned per year. For employees with 10-13 years of employment, 4 weeks of annual leave is earned per year. For employees with 14 or more years of continuous service, 6 weeks of annual leave is earned per year. All regular full-time City employees earn 2 weeks (10 days) of sick leave time on an annual basis.

All earned annual leave for civil service employees such as the police officers and firemen may be carried forward with no limitation or maximum. Non-civil service City employees earned annual leave may be carried forward, not to exceed 120 working days of earned annual leave. Upon separation of employment, the City's employees are paid in full for all earned but unused annual leave (subject to limitation for non-civil service employees). Sick leave for all City employees may be carried forward with no limitation or maximum. Upon separation of employment, the City's employees are paid earned but unused sick leave at a rate of one day for every three days accrued. Compensated absences are recorded as an expenditure in the general fund when paid.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies (continued)

Fund Balances

In the fund financial statements, governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent.

The five classifications of fund balance for the governmental funds are as follows:

Nonspendable - resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitations the government imposes on itself at its highest level of decision-making authority, the City Council, by formal action or passage of a resolution.

Assigned - resources that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the City's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

CITY OF HARAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies (continued)

Net Position

Net position is classified in the following components:

Net investment in capital assets – consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation consists of external restrictions imposed by grantors or laws and regulations.

Unrestricted net position – consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

Use of Estimates

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

(2) Budgetary Procedures and Budgetary Accounting

The City's procedures in establishing the budgetary data included in the City's financial statements are as follows:

- (1) Prior to December 1, the Mayor submits to the City's Council a proposed operating line item budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted in the City to obtain taxpayer comments.
- (3) Prior to January 1, the budget is legally adopted through passage of an appropriation ordinance by the Council.

CITY OF HARAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(2) Budgetary Procedures and Budgetary Accounting (continued)

- (4) The City Council must approve transfers of budgeted amounts between line items within a department and any revisions that alter the total expenditures of any fund or department.
- (5) Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Project-length financial plans are adopted for the capital project funds and are used as an expenditure control device.
- (6) The budgets for the general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All unencumbered and unexpended appropriations lapse at year end.
- (7) As required by state law, when actual revenues within a fund are failing to meet estimated annual budgeted revenue by five percent or more, and/or actual expenditures within a fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such changes is adopted in an open meeting.

The City adopted the initial 2021 budget for the general fund, the sewer fund, and the sales tax fund in December 2020. The budgets for the 2022 year were adopted before December 31, 2021.

(3) Cash

At December 31, 2021, the City had \$5,980,241 in demand deposits. The bank balances and collateralization for deposit at December 31, 2021 are as follows:

Total bank balances	\$ 6,118,637
	<u> </u>
Federal depository insurance	\$ 250,000
Pledged securities	5,980,241
	<u> </u>
Total collateral	\$ 6,230,241
	<u> </u>
Collateral - Surplus	\$ 111,604
	<u> </u>

Louisiana Revised Statutes authorize the City to invest in United States bonds, treasury notes, certificates or other obligations of the United States of America, or time certificates of deposit of state banks organized under Louisiana laws and national banks having principal offices in the State. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. As indicated above the City is not exposed to collateral credit risk at December 31, 2021, because of the collateral surplus.

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(3) Cash (continued)

Of the total cash shown above, \$4,513,454 is unrestricted for governmental activities, which includes \$1,336,026 committed by nature of the fund for capital improvements. Restricted cash for governmental activities consists of \$254,950 related to asset forfeiture funds and \$250,019 restricted for debt service on the outstanding bonds. Restricted cash of \$414,866 for business type activities is restricted under the terms of the DEQ loan agreement. At December 31, 2021, the business type activities (sewer fund) reports unrestricted cash of \$157,561.

(4) Property Taxes

The City levies an ad valorem tax on real property as of January 1. The tax is due and becomes an enforceable lien on the property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date (January 1 of the subsequent year). Taxes are levied based on property values determined by the Jefferson Parish Assessor's office. The assessed value at January 1, 2020, upon which the 2021 levies were based, was \$101,597,259.

Ad valorem taxes are recorded as revenue of the period for which levied, thus the 2020 property tax, which was levied to finance the budget for 2021, was recorded as ad valorem tax revenue for the year ended December 31, 2021. The 2021 property tax which was levied to finance the 2022 year, is included as deferred inflows of resources – unavailable revenue at December 31, 2021 and will be recognized as property tax revenue during the year ended December 31, 2022.

The number of mills levied for the City is as follows:

	<u>2021 budget</u>	<u>2022 budget</u>	<u>Expiration</u>
General operations - 1977	1.610	1.610	n/a
General operations - 1982	2.340	2.340	n/a
General operations	4.100	4.100	n/a
Fire protection (general fund)	5.000	5.000	2025
Police salary and benefits (general fund)	5.000	5.000	2028
Sewer maintenance	0.880	0.880	n/a
Sewer construction and maintenance	3.000	3.000	2027

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(5) Accounts Receivable

Accounts receivable at December 31, 2021 consisted of the following:

Sales and use tax	\$ 221,940
Franchise fees	109,089
Video poker	42,678
Sanitation services	32,062
Due from Jefferson Parish	72,300
Other	<u>20,754</u>
Total governmental receivables	498,823
Sanitation services - propriety fund	<u>113,916</u>
Total propriety fund receivables	<u>113,916</u>
Total government wide receivables	<u><u>\$ 612,739</u></u>

(6) Property, Plant, and Equipment

A summary of changes in governmental fund type property, plant, and equipment is as follows:

	<u>January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>
Land	\$ 129,680	\$ -	\$ -	\$ 129,680
Land improvements and buildings	2,833,164	-	(648,852)	2,184,312
Infrastructure assets	1,670,998	-	-	1,670,998
Transportation equipment	2,093,758	697,450	(454,162)	2,337,046
Other equipment	1,279,303	194,351	(290,638)	1,183,016
Furniture and fixtures	53,511	-	(8,024)	45,487
Computer equipment	<u>523,531</u>	<u>-</u>	<u>(90,739)</u>	<u>432,792</u>
Total asset cost	8,583,945	891,801	(1,492,415)	7,983,331
Less: Accumulated depreciation				
Land improvements and buildings	(2,221,065)	(40,775)	561,404	(1,700,436)
Infrastructure assets	(461,555)	(66,840)	-	(528,395)
Transportation equipment	(1,776,465)	(189,375)	441,888	(1,523,952)
Other equipment	(1,062,678)	(50,030)	279,299	(833,409)
Furniture and fixtures	(53,511)	-	8,024	(45,487)
Computer equipment	<u>(421,302)</u>	<u>(29,594)</u>	<u>90,739</u>	<u>(360,157)</u>
Total accumulated depreciation	<u>(5,996,576)</u>	<u>(376,614)</u>	<u>1,381,354</u>	<u>(4,991,836)</u>
Net	<u><u>\$ 2,587,369</u></u>	<u><u>\$ 515,187</u></u>	<u><u>\$ (111,061)</u></u>	<u><u>\$ 2,991,495</u></u>

During the year ended December 31, 2021, the City recorded net disposals of \$111,061 primarily related to buildings, equipment, and facilities which were damaged during Hurricane Ida.

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(6) Property, Plant, and Equipment (continued)

Depreciation expense was charged to the functions of the governmental activities as follows:

General government - other	\$	71,340
Public safety - police		138,675
Public safety - fire		107,222
Public works		46,127
Recreation		13,250
		\$ 376,614

A summary of changes in proprietary fund type property, plant, and equipment is as follows:

	January 1, 2021	Additions	Deletions	December 31, 2021
Land	\$ 7,121	\$ -	\$ -	\$ 7,121
Right of way	6,606	-	-	6,606
Sewerage collection system	4,069,255	-	-	4,069,255
Sewerage treatment plant	2,665,874	41,306	-	2,707,180
Sewer infrastructure	3,117,428	915,573	-	4,033,001
Total asset cost	9,866,284	956,879	-	10,823,163
Less: Accumulated depreciation				
Sewerage collection system	(2,466,735)	(51,948)	-	(2,518,683)
Sewerage treatment plant	(1,382,913)	(75,454)	-	(1,458,367)
Sewer infrastructure	(118,985)	(57,462)	-	(176,447)
Total accumulated depreciation	(3,968,633)	(184,864)	-	(4,153,497)
Net	\$ 5,897,651	\$ 772,015	\$ -	\$ 6,669,666

(7) Long-term Obligations

Governmental Activities

Bonds Payable

Bonds payable at December 31, 2021 consist of the following:

\$1,593,000 2016 Series Sales Tax Refunding and Public Improvement Bonds due in semi-annual installments ranging from \$243,360 to \$243,470, including interest through June 1, 2023, at 2.05%.

\$ 477,000

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(7) Long-term Obligations (continued)

Governmental Activities (continued)

Bonds Payable (continued)

\$1,000,000 2021 Series Hurricane Recovery Revenue Note
 due in annual installments of \$125,000 including interest
 through December 1, 2031, at 3.17% \$ 1,000,000

The annual debt service to maturity on bonds outstanding as of December 31, 2021 is as follows:

December 31,	Principal	Interest	Total
2022	\$ 236,000	\$ 39,060	\$ 275,060
2023	241,000	34,170	275,170
2024	125,000	31,700	156,700
2025	125,000	27,738	152,738
2026	125,000	23,775	148,775
2027-2031	625,000	59,438	684,438
Total Bonds	\$ 1,477,000	\$ 215,881	\$ 1,692,881

For the year ended December 31, 2021, interest expense of the general fund was \$12,146.

The City is subject to the Municipal Finance Law of the State of Louisiana, which limits the amount of net bonded debt (exclusive of revenue and special assessment bonds) the City may have outstanding up to 10 percent of the assessed valuation. The statutory debt limit and the amount available for general obligation borrowing as of December 31, 2021 is \$10,159,726.

Each of the bond's payable have terms specified in their respective agreements in which an event of default would declare the principal of all bonds then outstanding to be due and payable.

Business-Type Activities

Louisiana Department of Environmental Quality Loan

The City entered into an agreement with the Louisiana Department of Environmental Quality (LDEQ) whereby the LDEQ has committed to loan the City \$4,000,000 for improvements to the City's wastewater system. The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the LDEQ is evidenced through the Taxable Sewer Revenue Bonds, Series 2014. Annual principal payments are due beginning February 1, 2016 and continuing through February 1, 2025.

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(7) Long-term Obligations (continued)

Business-Type Activities (continued)

Louisiana Department of Environmental Quality Loan (continued)

Future principal payments are based on a percent of the outstanding principal amount on the day before the applicable principal payment date. Interest on the bonds is incurred at the rate of 0.45%, and the LDEQ administrative fee rate is 0.5%. Interest and administrative fee payments began on August 1, 2014 and are due semiannually thereafter. The outstanding balance of the loan was \$2,567,560 at December 31, 2021.

The City is in compliance with the LDEQ loan debt covenants as of December 31, 2021.

The annual debt service to maturity on LDEQ outstanding as of December 31, 2021 including interest and admin fee payments are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Admin Fee</u>	<u>Total</u>
2022	\$ 172,000	\$ 11,554	\$ 12,838	\$ 196,392
2023	195,000	10,780	11,978	217,758
2024	197,000	9,903	11,003	217,906
2025	199,000	9,016	10,018	218,034
2026	201,000	8,121	9,023	218,144
2027-2031	1,031,000	26,900	29,890	1,087,790
2032-2035	572,560	4,538	5,042	582,140
	<u>\$ 2,567,560</u>	<u>\$ 80,812</u>	<u>\$ 89,792</u>	<u>\$ 2,738,164</u>

A summary of changes in long-term obligations are as follows for the year ended December 31, 2021:

	<u>Governmental Activities</u>				<u>Business Type Activities</u>	<u>Total</u>
	<u>Bonds Payable - Series 2016</u>	<u>Hurricane Revenue Note</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Louisiana DEQ Loan</u>	
January 1	\$ 708,000	\$ -	\$ 581,465	\$4,093,915	\$2,147,679	\$7,531,059
Additions	-	1,000,000	234,540	-	553,881	1,788,421
Reductions	(231,000)	-	(352,258)	(1,519,337)	(134,000)	(2,236,595)
December 31	<u>\$ 477,000</u>	<u>\$1,000,000</u>	<u>\$ 463,747</u>	<u>\$2,574,578</u>	<u>\$2,567,560</u>	<u>\$7,082,885</u>
Due within one year	<u>\$ 236,000</u>	<u>\$ -</u>	<u>\$ 9,400</u>	<u>\$ -</u>	<u>\$ 172,000</u>	<u>\$ 417,400</u>

CITY OF HARAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(8) Interfund Balances and Transfers

Interfund balances as of December 31, 2021 were as follows:

	Due from other funds	Due to other funds
Governmental Funds		
General fund	\$ 3,546,887	\$ 102,083
FEMA fund	-	3,080,212
Sales tax fund	-	221,940
Capital projects fund	97,686	-
	<u>3,644,573</u>	<u>3,404,235</u>
Proprietary Funds		
Sewer fund	6,250	246,588
	<u>6,250</u>	<u>246,588</u>
Total	<u>\$ 3,650,823</u>	<u>\$ 3,650,823</u>

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

	Transfers In	Transfers Out
Governmental Funds		
General fund	\$ 2,638,041	\$ 438,540
Sales tax fund	-	2,638,041
Capital projects fund	438,540	-
	<u>\$ 3,076,581</u>	<u>\$ 3,076,581</u>
Proprietary Funds		
Sewer fund	-	-
	<u>-</u>	<u>-</u>
Total	<u>\$ 3,076,581</u>	<u>\$ 3,076,581</u>

The City makes routine interfund transfers to allocate financial resources to the funds that receive benefit from services provided by another fund, or to establish or close out funds, or to allocate funds for budgeted expenditures. During the year ended December 31, 2021, the general fund transferred \$438,540 to the capital projects fund to provide annual support and the sales tax fund transferred \$2,638,041 to the general fund for operating purposes.

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans

The City of Harahan is a participating employer in two State-wide cost-sharing multiple employer defined benefit pension plans that include the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the State-wide plans to the State Legislature. Each system is administered by a separate board of trustees.

General Information about the Pension Plans

Plan Description - MPERS

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System 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.

Plan Description - FRS

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. 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.

Benefits Provided - MPERS

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

General Information about the Pension Plans (continued)

Benefits Provided – MPERS (continued)

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Benefits Provided – FRS

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251- 11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

General Information about the Pension Plans (continued)

Benefits Provided – FRS (continued)

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership.

Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Deferred Retirement Option Plan benefits (DROP) - MPERS

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

General Information about the Pension Plans (continued)

Deferred Retirement Option Plan benefits (DROP) - FRS

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer, and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account of an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan - MPERS

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Initial Benefit Option Plan - FRS

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Contributions - MPERS

Contributions for all members are actuarially determined as required by state statutes but cannot be less than 9.0% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the years ending/ended June 30, 2021 and 2020, the total actual employer and employee contribution rate was 29.75% and 40.50%, respectively. For employees hired prior to January 1, 2013 and for Hazardous Duty members hired after January 1, 2013, the rates were 33.75% and 32.50%, respectively for the employer and 10.00% for the employee. For all Non-Hazardous Duty members hired subsequent to January 1, 2013, the rates were 33.75% and 32.50%, respectively for the employer and 8.0% for the employee.

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

General Information about the Pension Plans (continued)

Contributions – MPERS (continued)

The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 36.25% and 34.25%, respectively, for employers and 7.5% for the employee.

In accordance with state statutes, the system also receives insurance premium taxes as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The additional sources are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. Non-employer contributions are recognized as revenue by the system and are excluded from pension expense for the year. Contributions to the pension plan from the City were \$269,977, \$349,162, and \$260,978 for the years ended December 31, 2021, 2020, and 2019, respectively.

Contributions - FRS

Contributions for all members are established by statute at 10.0% for wages above poverty and 8.0% for wages below poverty for the years ending/ended June 30, 2021 and 2020. The contributions are deducted from the member's salary and remitted by the City.

According to state statute, employer contributions are actuarially determined each year. For the years ending/ended June 30, 2021 and 2020, the actuarially determined contribution rates were 33.75% and 29.75%, respectively, of member's compensation. However, for the years ending/ended June 30, 2021 and 2020, employer contributions were 33.75% and 32.25%, respectively, of covered payroll above poverty and 35.75% and 34.25%, respectively, of covered payroll below poverty. The actual rates differ from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan from the City were \$188,641, \$165,498, and \$134,329 for the years ended December 31, 2021, 2020, and 2019, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study.

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

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

At December 31, 2021, the City reported a combined liability of \$2,574,578 for its proportionate share of the Net Pension liabilities (NPL). The NPL for FRS and MPERS was measured as of June 30, 2021 and the total pension liability used to calculate the NPL was determined based on an actuarial valuation as of those dates. The City's proportion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined.

The following table reflects the City's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2021 and the change compared to the June 30, 2020 proportion.

	Net Pension Liability at June 30, 2021	Proportionate Rate at June 30, 2021	Increase (Decrease) on June 30, 2020 Rate
Multiple Employer Cost Sharing Plans:			
Municipal Police Employees' Retirement System	\$ 1,781,932	0.3343%	0.0503%
Firefighters' Retirement System	792,646	0.2237%	0.0120%
Total - Multiple Employer Cost Sharing Plans:	<u>\$ 2,574,578</u>		

The following table reflects the City's recognized pension expense plus the City's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended December 31, 2021.

	Pension Expense
Municipal Police Employees' Retirement System	\$ 379,644
Firefighters' Retirement System	107,200
	<u>\$ 486,844</u>

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (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.

MPERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (50,831)
Changes of assumptions	197,340	(54,878)
Net difference between projected and actual earnings on pension plan investments	-	(832,022)
Changes in proportion and differences between Employer contributions and proportionate share of contributions		
Change in proportion	516,395	(64,204)
Difference in contributions	3,276	(3,157)
Employer contributions subsequent to the measurement date	124,662	-
Total	\$ 841,673	\$ (1,005,092)

FRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (71,181)
Changes of assumptions	171,761	-
Net difference between projected and actual earnings on pension plan investments	11,312	(481,024)
Changes in proportion and differences between Employer contributions and proportionate share of contributions		
Change in proportion	190,277	(12,106)
Difference in contributions	2,124	(1,089)
Employer contributions subsequent to the measurement date	98,062	-
Total	\$ 473,536	\$ (565,400)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan are presented below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Police Employees' Retirement System	\$ 841,673	\$ (1,005,092)
Firefighters' Retirement System	473,536	(565,400)
	\$ 1,315,209	\$ (1,570,492)

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

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

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2022. The following table lists the pension contributions made subsequent to the measurement period for each pension plan.

	<u>Subsequent Contributions</u>
Municipal Police Employees' Retirement System	\$ 124,662
Firefighters' Retirement System	98,062
	<u>\$ 222,724</u>

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

<u>Year</u>	<u>MPERS</u>	<u>FRS</u>	<u>Total</u>
2022	\$ 6,336	\$ (38,372)	\$ (32,036)
2023	45,226	(35,874)	9,352
2024	(52,991)	(58,885)	(111,876)
2025	(286,652)	(115,364)	(402,016)
2026	-	37,311	37,311
2027	-	21,258	21,258
	<u>\$ (288,081)</u>	<u>\$ (189,926)</u>	<u>\$ (478,007)</u>

CITY OF HARRAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

Actuarial Assumptions

	MPERS	FRS						
Valuation Date	June 30, 2021	June 30, 2021						
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost						
Actuarial Assumptions:								
Expected Remaining Service Lives	4 years	7 years						
Investment Rate of Return	6.750% net of investment expenses	6.90% net of fees.						
Inflation Rate	2.500% per annum	2.500% per annum						
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	<p>For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.</p> <p>For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.</p> <p>For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.</p> <p>In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.</p>						
Salary Increases	<table border="0"> <thead> <tr> <th align="center">Years of Service</th> <th align="center">Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td align="center">1 - 2</td> <td align="center">12.30%</td> </tr> <tr> <td align="center">Above 2</td> <td align="center">4.70%</td> </tr> </tbody> </table>	Years of Service	Salary Growth Rate	1 - 2	12.30%	Above 2	4.70%	Vary from 14.10% in the first two years of service to 5.20% after 3 or more years; includes inflation and merit increases
Years of Service	Salary Growth Rate							
1 - 2	12.30%							
Above 2	4.70%							
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.						

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

Actuarial Assumptions (continued)

The following table lists the methods used by each of the pension plans in determining the long-term rate of return on pension plan investments.

MPERS	FRS
<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 6.75% for the year ended June 30, 2021.</p>	<p>The estimated 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 investments expenses and inflation) are developed for each major asset class. These rangers 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. The long term expected nominal rate of return was 6.90% as of June 30, 2021. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2021.</p>

Best estimates of the arithmetic real rates of return for each major asset class included in the MPERS' and FRS' target asset allocations as of June 30, 2021 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>MPERS</u>	<u>FRS</u>	<u>MPERS</u>	<u>FRS</u>
Fixed Income	30.50%	26.00%	0.59%	0.32%
Equity	55.50%	56.00%	3.47%	3.60%
Alternatives	14.00%	18.00%	1.01%	1.18%
Total	100.00%	100.00%	5.07%	5.10%
Inflation			2.50%	2.50%
Expected Arithmetic Nominal Return			7.57%	7.60%

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

Actuarial Assumptions (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 MPERS and FRS was 6.750% and 6.90% for the year ended June 30, 2021.

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate

The following presents the City's proportionate share of the Net Pension Liability using the discount rate, as well as what the City's proportionate share of the Net Pension Liability 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.

	<u>1.0%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1.0%</u> <u>Increase</u>
MPERS			
Rates	5.750%	6.750%	7.750%
City's proportionate share of NPL	\$ 3,105,627	\$ 1,781,932	\$ 677,094
FRS			
Rates	5.900%	6.900%	7.900%
City's proportionate share of NPL	\$ 1,520,634	\$ 792,646	\$ 185,513

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.

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(9) Pension Plans (continued)

Support of Non-employer Contributing Entities (continued)

During the year ended December 31, 2021, the City recognized revenue as a result of support received from non-employer contributing entities for the following amounts for each pension plan:

	Non-Employer Contributing Entity Revenue
Municipal Police Employees' Retirement System	\$ 74,404
Firefighters' Retirement System	63,897
	\$ 138,301

Pension Plan Fiduciary Net Position

MPERS and FRS issue publicly available financial reports that include financial statements and required supplementary information for the systems. Detailed information about each system's fiduciary net position is available in these separately issued financial reports. These reports may be obtained by visiting the Louisiana Legislative Auditor's website at www.la.gov and searching under the Reports section.

Payables to the Pension Plans

The City recorded accrued liabilities to each of the Retirement Systems for the year ended December 31, 2021 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries, and other payables. The balance due to each for the retirement systems at December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
MPERS	\$ 27,639	\$ 30,681
FRS	19,733	18,391
	\$ 47,372	\$ 49,072

(10) Commitments and Contingencies

Risk Management

The City is exposed to various risks of loss related to torts; theft *of*, damage *to*, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2021, the City carried insurance through various commercial carriers to cover all risks of loss. The City has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(10) Commitments and Contingencies (continued)

Litigation

The City is a defendant in several lawsuits. Damages are generally covered by insurance less deductible for risks retained by the City. The City and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the City and to arrive at an estimate, if possible, of the amount or range of potential loss to the City. As a result of such a review, loss contingencies which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50- *Claims and Judgements*. The City does not believe any potential loss to the City from any of these lawsuits would have a material impact on the financial statements, as such no amounts are recorded at December 31, 2021.

Agreement

The City entered into an agreement with Veolia Water North America Operating Services, LLC (formerly PSG) on April 20, 2010 for five (5) years to provide for operation and maintenance of the City's wastewater treatment plant and wastewater collection facilities. The terms of this agreement establish automatic annual renewals and an increase in the monthly fixed fee amount based on the consumer price index.

Grant Funding

The City participates in a number of federal, state, and local programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of December 31, 2021 might be impaired. In the City's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing federal, state, and local grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the City.

The City received federal assistance from the following programs for the year ended December 31, 2021.

Louisiana Department of Environment Quality Loan	\$ 35,393
Department of Justice Seized Assets	20,659
Drug Enforcement Agency Drug Taskforce - Overtime Grant	<u>6,587</u>
	<u>\$ 62,639</u>

During the year ended December 31, 2021, the City received \$1,710,567 from the American Rescue Plan Act of 2021 (ARPA) and at December 31, 2021, the City has recorded unearned revenue of \$1,710,567.

CITY OF HARRAHAN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(11) Sales Tax

A sales tax of 9.75% is collected on purchases in the City of Harahan during the 2021 year. Of the 9.75% total, 5.0% is levied by the state of Louisiana and 4.75% by Jefferson Parish, for itself and other local government subdivisions within the Parish. Of the 4.75% levied by Jefferson Parish, 2.0% is dedicated to the Jefferson Parish School Board and 2.75% is collected for the benefit of the City of Harahan. Sales tax amounts are dedicated to the general operations of the City and to support law enforcement. The Jefferson Parish Sheriff's Office (a separate reporting entity) collects all Jefferson Parish taxes, except on motor vehicle sales, and retains a collection commission on the share going to local governments. The state collects parish taxes on motor vehicle sales and remits them back to the parish of registration.

(12) Recent Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2021.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The City is currently assessing the impact of these pronouncements on its basic financial statements.

(13) Deficit Fund Balance

The FEMA Fund had a deficit in unassigned fund balance of \$3,080,212, as of December 31, 2021. This deficit in fund balance should be covered by future receipts from FEMA under the Public Assistance Program. If amounts recovered from FEMA are insufficient to cover the deficit (as well as any future deficits as a result of disallowed costs), then amounts will need to be transferred from the general fund in order to cover the deficits or shortfalls.

CITY OF HARAHAN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(14) Hurricane Ida

On August 29, 2021, Hurricane Ida struck the Louisiana gulf coast causing considerable damage to the Greater New Orleans area and the temporary relocation of some of the population of Jefferson Parish and the surrounding areas. The City experienced substantial damage to properties including a firehouse, gymnasium, and sewer facilities. The City incurred costs relating to emergency response in the immediate days and weeks following the storm. Also, the City incurred costs related to debris removal throughout the entire City in the weeks and months following the storm. The recreational facilities were damaged by the debris removal and related cleanup in the aftermath of the hurricane. During the year ended December 31, 2021, the City recorded net disposals of \$111,061 primarily related to buildings, equipment, and facilities which were damaged during Hurricane Ida.

(15) Subsequent Events

The City has evaluated subsequent events through the date that the financial statements were available to be issued, June 27, 2022, and determined the following items required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On March 26, 2022, the voters authorized the City to levy and collect a tax of 0.8%, in perpetuity, commencing July 1, 2022, upon the sale at retail, the use, the lease or rental, the consumption, and storage for use or consumption, of tangible personal property and on sales of services in the City, all as defined by law, with the proceeds of the tax, to be used for the purpose of operating the fire department of the City, including payment of salaries, insurance and other expenses of the fire department of the City.

The City has received insurance proceeds of \$1,256,579 in 2022 for damages caused by Hurricane Ida.

The City borrowed an additional \$1,000,000 on the Hurricane Recovery Revenue Note, Series 2021 during 2022. At June 27, 2022, the balance on the Hurricane Recovery Revenue Note is \$2,000,000.

CITY OF HARRAHAN, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Initial Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>				
Ad valorem taxes	\$ 1,823,157	\$ 1,836,184	\$ 1,834,909	\$ (1,275)
Intergovernmental	168,785	158,456	167,803	9,347
Franchise fees	468,221	468,532	456,514	(12,018)
Fees, licenses and permits	521,483	542,487	557,309	14,822
Fines and forfeitures	347,674	300,025	295,035	(4,990)
Charges for services	719,290	713,607	687,783	(25,824)
Gaming revenue	250,000	332,791	438,540	105,749
Interest income	8,808	35,513	2,245	(33,268)
Other federal revenue	-	-	27,246	27,246
Other	137,331	292,782	286,958	(5,824)
Total revenues	<u>4,444,749</u>	<u>4,680,377</u>	<u>4,754,342</u>	<u>73,965</u>
<u>EXPENDITURES</u>				
General government - other	1,267,619	1,616,381	1,583,802	32,579
Public safety - police	2,307,063	2,307,063	2,343,484	(36,421)
Public safety - fire	1,192,968	1,145,357	1,328,858	(183,501)
Public works	365,644	414,792	403,831	10,961
Sanitation	652,524	655,023	655,023	-
Recreation	349,485	309,013	310,125	(1,112)
Debt service - principal	231,000	231,000	231,000	-
Debt service - interest	12,146	34,257	32,246	2,011
Capital outlay	-	-	32,937	(32,937)
Total expenditures	<u>6,378,449</u>	<u>6,712,886</u>	<u>6,921,306</u>	<u>(208,420)</u>
<u>DEFICIENCY OF REVENUES OVER EXPENDITURES</u>				
	<u>(1,933,700)</u>	<u>(2,032,509)</u>	<u>(2,166,964)</u>	<u>(134,455)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	2,209,200	2,519,953	2,638,041	118,088
Operating transfers out	(250,000)	(332,791)	(438,540)	(105,749)
Proceeds from issuance from debt	-	-	1,000,000	1,000,000
Total other financing sources	<u>1,959,200</u>	<u>2,187,162</u>	<u>3,199,501</u>	<u>1,012,339</u>
<u>CHANGE IN FUND BALANCE</u>				
	25,500	154,653	1,032,537	877,884
<u>FUND BALANCE - BEGINNING OF YEAR</u>				
	<u>639,565</u>	<u>639,565</u>	<u>639,565</u>	<u>-</u>
<u>FUND BALANCE - END OF YEAR</u>				
	<u>\$ 665,065</u>	<u>\$ 794,218</u>	<u>\$ 1,672,102</u>	<u>\$ 877,884</u>

See accompanying independent auditors' report.

CITY OF HARRAHAN, LOUISIANA
SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Initial Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>				
Sales and use tax revenue	\$ 2,400,000	\$ 2,713,359	\$ 2,839,596	\$ 126,237
Interest income	1,200	29	24	(5)
Total revenues	<u>2,401,200</u>	<u>2,713,388</u>	<u>2,839,620</u>	<u>126,232</u>
<u>EXPENDITURES</u>				
General government	192,000	193,434	201,579	8,145
Total expenditures	<u>192,000</u>	<u>193,434</u>	<u>201,579</u>	<u>8,145</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	<u>2,209,200</u>	<u>2,519,954</u>	<u>2,638,041</u>	<u>118,087</u>
<u>OTHER FINANCING USES</u>				
Operating transfers in	-	-	-	-
Operating transfers out	(2,209,200)	(2,519,954)	(2,638,041)	118,087
Total other financing sources (uses)	<u>(2,209,200)</u>	<u>(2,519,954)</u>	<u>(2,638,041)</u>	<u>118,087</u>
<u>CHANGE IN FUND BALANCE</u>				
	-	-	-	-
<u>FUND BALANCE - BEGINNING OF YEAR</u>				
	-	-	-	-
<u>FUND BALANCE - END OF YEAR</u>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

CITY OF HARAHAN, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED DECEMBER 31, 2021 (*)

Year ended June 30	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>Municipal Police Employees' Retirement System</u>					
2021	0.3343%	\$ 1,781,932	\$ 797,258	223.5076%	84.0881%
2020	0.2840%	\$ 2,625,127	\$ 1,009,725	259.9844%	70.9450%
2019	0.2365%	\$ 2,148,061	\$ 745,771	288.0323%	71.0078%
2018	0.2691%	\$ 2,274,785	\$ 710,290	320.2614%	71.8871%
2017	0.1930%	\$ 1,684,561	\$ 574,178	293.3865%	70.0815%
2016	0.2201%	\$ 2,062,451	\$ 631,991	326.3418%	66.0422%
2015	0.2158%	\$ 1,690,340	\$ 574,637	294.1579%	70.7303%
<u>Firefighters Retirement System</u>					
2021	0.2237%	\$ 792,646	\$ 571,421	138.7149%	86.7825%
2020	0.2119%	\$ 1,468,788	\$ 550,956	266.5890%	72.6117%
2019	0.1969%	\$ 1,232,670	\$ 475,766	259.0917%	73.9643%
2018	0.1971%	\$ 1,133,545	\$ 439,205	258.0902%	74.7634%
2017	0.1669%	\$ 956,531	\$ 389,641	245.4903%	73.5479%
2016	0.1702%	\$ 1,113,458	\$ 383,833	290.0892%	68.1550%
2015	0.1793%	\$ 967,772	\$ 381,072	253.9604%	72.4475%

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

(*) The amounts presented were determined as of the measurement date (year ended June 30)

CITY OF HARAHAN, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
FOR THE YEAR ENDED DECEMBER 31, 2021 (*)

Year ended December 31	Contractually required contribution (1)	Contributions in relation to the contractually required contribution (2)	Contribution deficiency (excess)	Employers covered payroll (3)	Contributions as a percentage of covered payroll
<u>Municipal Police Employees' Retirement System</u>					
2021	\$ 269,977	\$ 269,977	\$ -	\$ 965,013	27.98%
2020	\$ 349,162	\$ 349,162	\$ -	\$ 852,805	40.94%
2019	\$ 260,978	\$ 260,978	\$ -	\$ 806,037	32.38%
2018	\$ 225,800	\$ 225,800	\$ -	\$ 717,127	31.49%
2017	\$ 202,309	\$ 202,309	\$ -	\$ 646,954	31.27%
2016	\$ 160,576	\$ 160,576	\$ -	\$ 525,053	30.58%
2015	\$ 190,359	\$ 190,359	\$ -	\$ 621,844	30.61%
<u>Firefighters Retirement System</u>					
2021	\$ 188,641	\$ 188,641	\$ -	\$ 571,421	33.01%
2020	\$ 165,498	\$ 165,498	\$ -	\$ 550,956	30.04%
2019	\$ 134,329	\$ 134,329	\$ -	\$ 494,853	27.15%
2018	\$ 125,245	\$ 125,245	\$ -	\$ 456,040	27.46%
2017	\$ 115,668	\$ 115,668	\$ -	\$ 446,279	25.92%
2016	\$ 90,633	\$ 90,633	\$ -	\$ 341,374	26.55%
2015	\$ 108,362	\$ 108,362	\$ -	\$ 383,587	28.25%

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

(*) The amounts presented were determined as of the measurement date (year ended June 30)

- (1) Employer contribution rate multiplied by employer's covered employee payroll
- (2) Actual employer contributions remitted to Retirement systems
- (3) Employers covered payroll amount for the year ended December 31 of each year

CITY OF HARRAHAN, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO CITY COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021

Jason Asbill	\$	11,400
Tommy Budde		11,400
Eric Chatelain		11,400
Craig Johnston		11,400
Carrie Wheeler		11,400
	<u>\$</u>	<u>57,000</u>

See accompanying independent auditors' report.

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

Agency Head Name: Tim Baudier, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 59,000
Benefits - Insurance	7,034
Benefits - Life	210
Car Allowance	4,200
	<u>\$ 70,444</u>

See accompanying independent auditors' report.

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	City of Harahan	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2176	
Date that reporting period ended (mm/dd/yyyy)	December 31, 2021	
	First Six Month Period Ended	Second Six Month Period Ended
	6/30/2021	12/31/2021
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	58,961	29,656
Criminal Fines - Contempt	40,889	22,616
Criminal Fines - Other	79,698	41,867
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	42,679	24,554
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	16,761	7,572
Subtotal Collections	238,988	126,265
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may		
City of Harahan, Criminal Court Costs/Fees	-	-
City of Harahan, Criminal Fines - Other	-	-
ACT 50 Crimestoppers INC. - Crimestoppers	1,384	661
ACT 440 Louisiana Commission on Law Enforcement - Louisiana Commission on Law Enforcement	1,384	660
ACT 250 Crime Victims Reparations Fund - Louisiana Commission on Law Enforcement	173	83
Indigent Defender Fund - Public Defenders Office	24,095	11,533
ACT 152 Trial Court Case Management - Treasurer State of Louisiana	2,074	989
ACT 654 Traumatic Head & Spinal Cord Injury - DHH - Traumatic Head and Spinal Cord Injury Trust Fund Program	1,932	935
ACT 131 LA Judicial College - Louisiana Supreme Court	394	165
ACT 508 Disability Affairs Trust Fund - Disability Affairs Trust Fund	25	-
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	7,001	7,184
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example:		
Criminal Fines - Other (Additional rows may be added as necessary)	-	-
City of Harahan, Criminal Court Costs/Fees	58,961	29,656
City of Harahan, Criminal Fines - Contempt	40,889	22,616
City of Harahan, Criminal Fines - Other	79,698	41,867
City of Harahan, Service/Collection Fees	4,217	2,344
City of Harahan, Other	16,761	7,572
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	238,988	126,265
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-
See accompanying independent auditors' report.		

CITY OF HARAHAH
REPORT ON INTERNAL CONTROL AND COMPLIANCE
DECEMBER 31, 2021

CITY OF HARAHAHAN
REPORT ON INTERNAL CONTROL AND COMPLIANCE
DECEMBER 31, 2021

CITY OF HARAHAH

December 31, 2021

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A Professional Accounting Corporation

**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**

The Honorable Mayor and the City Council
City of Harahan, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Harahan (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.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
June 27, 2022

CITY OF HARAHAH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Part I – Summary of Independent Auditors’ Results

Financial Statement Section

Type of auditors’ report issued on the financial statements Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Part II – Financial Statement Findings Section

None

CITY OF HARAHAH

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Part II – Financial Statement Findings Section

2020-001 Budget Act

Condition: For the year ended December 31, 2020, the actual expenditures and other uses of the General Fund of \$7,530,007 exceeded the budgeted expenditures and other uses of \$6,743,435, resulting in an unfavorable variance that exceeded 5%. The City is not in compliance with LA Revised Statue 39:1311 for the year ended December 31, 2020.

Status: Resolved.

Part III – Federal Awards Findings and Questioned Costs Section

None



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A Professional Accounting Corporation

To the Honorable Mayor and City Council of
The City of Harahan, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Harahan (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.

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

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the City's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

The City's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, members of City Council, and management and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 27, 2022

CITY OF HARAHAH

MANAGEMENT LETTER COMMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

2021-01 Information Technology

Observation: During the course of performance of audit procedures, we noted that there is no formally established policy and procedures for periodic review in which the existing users and the type of access granted on the network and application systems is reviewed.

Recommendation: We recommend that the City establish a formal policy in which all users and their access rights are reviewed by management periodically. The policy should disclose that review should be performed at the application, database, and network level and evidence of the review should be maintained. Also, the policy should disclose that administrative access should be restricted for IT employees only. If system limitations/business processes require end users to have administrative level access in Incode, additional monitoring processes should be implemented to review account activity.

2021-02 Payroll

Observation: During the course of performance of audit procedures, we noted that approved annual pay rate documentation was not consistently being kept in employee personnel files.

Recommendation: We recommend that the City implement a process of including documented approved pay rates in all employee personnel files on an annual basis.

CITY OF HARAHAH

PRIOR YEAR MANAGEMENT LETTER COMMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

2020-01 Information Technology

Observation: During the course of performance of audit procedures, we noted that there is no formally established policy and procedures for periodic review in which the existing users and the type of access granted on the network and application systems is reviewed.

Status: Unresolved - see current year management letter comment 2021-01.



TIM BAUDIER
Mayor

NICOLE S. LEE
City Clerk/Tax Collector

City of Harahan

6437 Jefferson Highway
Harahan, Louisiana 70123
Phone (504) 737-6383
FAX (504) 737-6384

CITY COUNCIL

JASON D. ASBILL
TOMMY BUDDE
ERIC CHATELAIN
CRAIG JOHNSTON
CARRIE WHEELER

Postlethwaite and Netterville
1 Galleria Blvd, Suite 2100
Metairie, Louisiana 70001

Subject: Management's Response

The following are the City's responses to the management letter issued as part of the financial statement audit for the year ended December 31, 2021.

2021-01 Information Technology The City concurs with the observation and will implement the recommendations prior to December 31, 2022.

2021-02 Payroll The City concurs with the observation and will implement the recommendations prior to December 31, 2022.

Please let us know if you need additional information.

SIGNED BY THE MAYOR

Timothy Baudier, Mayor
City of Harahan

CITY OF HARAHAH
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2021

CITY OF HARAHAH
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2021

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A Professional Accounting Corporation

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Council Members of the City of Harahan and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City of Harahan's (the City) management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated results are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Postlethwaite & Netterville

Metairie, Louisiana
June 27, 2022

CITY OF HARAHAH

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

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The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

A. Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Exception noted. The City does not have written policies including amending the budget. No other exceptions were found as a result of this procedure.

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were found as a result of this procedure.

- c) ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions were found as a result of this procedure.

- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions were found as a result of this procedure.

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Exception noted. The City does not have written policies including standard terms and conditions of contracts. No other exceptions were found as a result of this procedure.

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions were found as a result of this procedure.

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- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were found as a result of this procedure.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- k) *Information Technology Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were found as a result of this procedure.

- l) *Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception noted. The City does not have written policies and procedures that address sexual harassment.

B. Board or Finance Committee

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

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

No exceptions were found as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue fund. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

C. Bank Reconciliations

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Exception noted. For one of the bank reconciliations selected, there was no documentation that management researched three reconciling items that have been outstanding for more than 12 months from the statement closing date.

D. Collections (excluding electronic funds transfers)

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Exception noted. The employee responsible for processing payments is able to add/modify vendor files.

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

Exception noted. The employee responsible for processing payments mails the signed checks.

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

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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FOR THE YEAR ENDED DECEMBER 31, 2021

F. Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

Exception noted. For one of the monthly credit card statements selected, late fees were assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of this procedure.

G. Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

H. Contracts

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- c) If the contract was amended (e.g. change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

CITY OF HARAHAH

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2021

I. Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period.

Randomly select 5 employees/officials and obtain related paid salaries and personnel files and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

17. Randomly select one pay period during the fiscal period and perform the following:

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file

No exceptions were found as a result of this procedure.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period.

No exceptions were found as a result of this procedure.

a) Randomly select 2 employees/officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. Also, agree the termination payment was made in accordance with the policy.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

J. Ethics

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

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

No exceptions were found as a result of this procedure.

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- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of this procedure.

K. Debt Service

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

No exceptions were found as a result of this procedure.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were found as a result of this procedure.

L. Fraud Notice

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

M. Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

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- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

N. Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were found as a result of this procedure.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Exception noted. The City has not posted its sexual harassment policy and complaint procedures on its website.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Exception noted. The City's annual sexual harassment report for the fiscal year ended December 31, 2021 was not completed.

- a) Number and percentage of public servants in the agency who, have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;
- e) Amount of time it took to resolve each complaint.



TIM BAUDIER
Mayor

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Subject: Management's Response

The following are the City's responses to the findings observed in the Statewide Agreed-Upon Procedures Report for the year ended December 31, 2021.

- A. Written Policies and Procedures: The City concurs with the observation and will adopt the additional language to the policies prior to December 31, 2022.
- C. Bank Reconciliations: The City concurs with the observation and will implement procedures related to reconciling items that have been outstanding for more than 12 months from the statement closing date.
- E. Non-Payroll Disbursements: The City concurs with the observation and will implement changes to the non-payroll disbursement process prior to December 31, 2022.
- F. Credit Cards/Debit Cards/Fuel Cards/P-Cards: The City concurs with the observation.
- N. Sexual Harassment: The City concurs with the observation and will implement procedures to comply with the policy and reporting requirements prior to December 31, 2022.

Please let us know if you need additional information.

SIGNED BY THE MAYOR

Timothy Baudier, Mayor
City of Harahan