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March 31, 2022

Louisiana Legislative Auditor

RE: City of Ponchatoula, Louisiana
Entity ID# 2308 CPA Firm ID# 185 CPA Contact ID # 1444

Dear Sir:

We are resubmitting the audit report for the above client for the year ended June 30, 2021 for the following reason:

We were contacted by the Office of Community Development requesting that the Block Grant revenue, included in the sewer fund line item Capital and Other Grants on page 23, be shown separately on the statement. We have added a line item – Community Development Block Grant which shows a total of \$49,113 which is also reflected on the schedule of federal awards on page 74 under assistance listing number 14.228. The line item Capital and Other Grants was reduced from a total of \$173,617 to \$124,504. The total non-operating revenues (expenses) of the sewer fund remains unchanged.

This had no effect on our opinion.

This document was previously submitted to the LLA under audit control number 72210792.

Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Lester J. Richoux, III".

Lester J. Richoux, III, CPA
Director, Audit and Assurance Services

Attachment

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**CITY OF PONCHATOULA,
LOUISIANA**

Annual Financial Statements

For the Year Ended June 30, 2021



Contents	Statement	Schedule	Page
Independent Auditor's Report			1 - 3
<hr/>			
Required Supplementary Information - Part I Management's Discussion and Analysis			5 - 13
<hr/>			
Basic Financial Statements			
Government-Wide Financial Statements			
Statement of Net Position	A		15
Statement of Activities	B		16
Fund Financial Statements			
Governmental Funds			
Balance Sheet	C		18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D		19
Statement of Revenues, Expenditures, and Changes in Fund Balances	E		20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F		21
Proprietary Funds			
Statements of Net Position	G		22
Statements of Revenues, Expenses, and Changes in Net Position	H		23
Statements of Cash Flows	I		24 - 25
<hr/>			
Notes to Financial Statements			27 - 59
<hr/>			
Required Supplementary Information - Part II			
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual			
General Fund		1	61
1965 Sales Tax Fund		2	62
Schedule of the City's Proportionate Share of the Net Pension Liability		3	63 - 64
Schedule of the City's Contributions to Defined Benefit Pension Plans		4	65 - 66

Contents (Continued)	Statement	Schedule	Page
Other Supplementary Information			
Non-Major Governmental Funds			
Combining Balance Sheet		5	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		6	69
Schedule of Compensation of Paid Elected Officials		7	70
Schedule of Compensation, Benefits, and Other Payments to Agency Head		8	71
Schedule of Compensation, Benefits, and Other Payments to Chief of Police		9	72
Schedule as Required by Act 87 of the 2020 Regular Legislative Session			
Justice System Funding Schedule - Collecting/ Disbursing Entity			
General Fund - Cash Basis Presentation		10	73
Schedule of Expenditures of Federal Awards		11	74
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			76 - 77
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance			78 - 79
Schedule of Findings and Questioned Costs			80
Schedule of Prior Audit Findings			81

Independent Auditor's Report

To the Honorable Robert F. Zabbia, Mayor
and the Members of the City Council
City of Ponchatoula, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison information on pages 61 and 62, the schedule of the City's proportionate share of the net pension liability on pages 63 and 64, and the schedule of the City's contributions to defined benefit pension plans on pages 65 and 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ponchatoula, Louisiana's basic financial statements. The combining non-major fund financial statements (Schedules 5 and 6), the schedule of compensation of paid elected officials (Schedule 7), the schedule of compensation, benefits, and other payments to agency head (Schedule 8), the schedule of compensation, benefits, and other payments to chief of police (Schedule 9), and the justice system funding schedule (Schedule 10), are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (Schedule 11), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for the purpose of additional analysis and is also not a required part of the basic financial statements.

The 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the City of Ponchatoula, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ponchatoula, Louisiana's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
December 7, 2021

**REQUIRED SUPPLEMENTARY INFORMATION - PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

As management of the City of Ponchatoula, Louisiana (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. This Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is designed to provide readers with a broad overview of city finances. It is also intended to provide readers with an analysis of the short and long-term activities of the City based on information presented in this financial report, as well as fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The City has presented its financial statements under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. Prior year comparative information for this reporting period has been included in this MD&A, along with a narrative of the changes expected from one year to the next.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the Required and Other Supplementary Information (RSI) that are provided.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Required and Other Supplementary Information, which is in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the user of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

- A. The Statement of Net Position presents information on all of the City's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is 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 weakening.

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

- B. 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).

The government-wide financial statements further assist the readers in their evaluation by distinguishing functions of the City into:

Governmental activities that are principally supported by taxes and intergovernmental revenues, and

Business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Net Position on Statement A of this report.

	2021	2020	\$ Change	% Change
Assets				
Current and Other Assets	\$ 9,820,319	\$ 8,411,134	\$ 1,409,185	16.75%
Capital Assets	21,623,097	21,401,590	221,507	1.04%
Total Assets	31,443,416	29,812,724	1,630,692	5.47%
Deferred Outflows of Resources	2,289,296	2,101,312	187,984	8.95%
Liabilities				
Current Liabilities	878,952	1,068,687	(189,735)	-17.75%
Net Pension Liability	6,456,262	5,902,453	553,809	9.38%
Total Liabilities	7,335,214	6,971,140	364,074	5.22%
Deferred Inflows of Resources	518,417	547,353	(28,936)	-5.29%
Net Position				
Net Investment in Capital Assets	21,623,097	21,321,413	301,684	1.41%
Restricted Net Position	3,502,325	2,703,544	798,781	29.55%
Unrestricted Net Position	753,659	370,586	383,073	103.37%
Total Net Position	\$ 25,879,081	\$ 24,395,543	\$ 1,483,538	6.08%

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$25,879,081 (*net position*), an increase of \$1,483,538 over last year. Of the total amount, \$753,659 is unrestricted net position. The City's net position is comprised of \$12,444,752 from governmental activities and \$13,434,329 from business-type activities, as shown on Statement A.

By far the largest portion of the City's net position (84%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. 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 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position, for the government as a whole. The same situation held true for the prior ten fiscal years.

	2021	2020	\$ Change	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 2,237,035	\$ 2,224,644	\$ 12,391	0.56%
Grants and Contributions	1,297,982	1,544,365	(246,383)	-15.95%
General Revenues				
Taxes	7,553,562	6,534,020	1,019,542	15.60%
Other	1,461,439	1,541,505	(80,066)	-5.19%
Total Revenues	12,550,018	11,844,534	705,484	5.96%
Expenses				
Governmental Activities	9,344,564	9,391,686	(47,122)	-0.50%
Business-Type Activities	1,721,916	2,057,847	(335,931)	-16.32%
Total Expenses	11,066,480	11,449,533	(383,053)	-3.35%
Change in Net Position	1,483,538	395,001	1,088,537	275.58%
Net Position, Beginning of the Year	24,395,543	24,000,542	395,001	1.65%
Net Position, End of the Year	\$ 25,879,081	\$ 24,395,543	\$ 1,483,538	6.08%

To further understand what makes up the changes in net position, the above table provides a summary of the results of the City's operating activities for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Activities on Statement B of this report.

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

Governmental Activities

The governmental activities of the City include General Government, Public Safety, Public Works, Cemetery, Culture and Recreation, Community Development, Public Transportation, and Miscellaneous Programs. Sales taxes, property taxes, franchise taxes, licenses, permits, and fines fund most of these governmental activities.

Here we show the City's expenditures related to those functions typically associated with governments. In the table below, General Government includes the following departments: Legislative (City Council), Judicial, Executive, Financial, Building, and other General Administration. Public Safety encompasses the Police and Fire departments. Public Works is made up of the Street and Sanitation departments. Culture and Recreation contain the City's parks as well as Community Center activities. Community Development consists of Main Street and the Industrial Park.

Governmental Expenditures	Amount	Percentage
General Government	\$ 1,773,020	18.97%
Public Safety	4,780,565	51.16%
Public Works	2,399,671	25.68%
Cemetery	37,792	0.40%
Culture and Recreation	194,420	2.08%
Community Development	87,420	0.94%
Public Transportation	34,448	0.37%
Miscellaneous Programs	34,687	0.37%
Debt Service Interest	2,541	0.03%
Total Governmental Activities	\$ 9,344,564	100.00%

General revenues are those available for the City to use to pay for the governmental activities described above:

Governmental Revenues	Amount	Percentage
Sales Taxes	\$ 6,533,672	72.55%
Property Taxes	1,019,890	11.33%
Licenses, Permits, and Fees	837,430	9.30%
Intergovernmental Revenues	58,711	0.65%
Miscellaneous	365,259	4.06%
Revenue from Non-Employer Contributions	181,686	2.02%
Gain (Loss) on Disposition of Assets	8,261	0.09%
Total Governmental Activities	\$ 9,004,909	100.00%

Sales taxes are the largest revenue source for the City comprising 72% of total general governmental revenue. Property taxes are the second largest revenue source for the City accounting for nearly 11% of total general governmental revenue.

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

For the year ended June 30, 2021, taxes of 16.52 mills were levied on property inside of the City limits. An original 10-mill tax was passed in 1990 to be used for policemen pay, firemen pay, and to purchase equipment for both departments.

	2021 Taxes		2020 Taxes	
	Levied	Mills	Levied	Mills
General Fund	\$ 426,475	6.52	\$ 400,010	6.52
Policemen Pay Millage Fund	356,089	6.00	343,296	6.00
Firemen Pay Millage Fund	118,663	2.00	114,398	2.00
Equipment Millage Fund	118,663	2.00	114,398	2.00
Total Property Taxes Levied	\$ 1,019,890	16.52	\$ 972,102	16.52

Business-Type Activities

The business-type activities of the City are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. Only the City's water and sewer departments are reported here:

Charges for Services	Sewer	Water
Fiscal Year Ended June 30, 2021	\$ 1,002,625	\$ 393,708
Fiscal Year Ended June 30, 2020	991,852	388,810
Increase Between Years	\$ 10,773	\$ 4,898

Operating Expenses	Sewer	Water
Fiscal Year Ended June 30, 2021	\$ 1,045,664	\$ 676,252
Fiscal Year Ended June 30, 2020	1,418,076	639,771
Increase (Decrease) Between Years	\$ (372,412)	\$ 36,481

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 two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the City's basic services and are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

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 government's short-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. These reconciliations are located on Statements D and F.

The City maintains seven 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 and 1965 Sales Tax Fund, which are considered to be major funds. Data from the other governmental funds (Mausoleum Trust Fund, Firemen Pay Millage Fund, Policemen Pay Millage Fund, Equipment Millage Fund, and Cemetery Endowment Fund) are combined into a single, aggregated presentation. These basic governmental fund financial statements can be found on Statements C and E of this report. The summary of the non-major funds is found on Schedules 5 and 6.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,659,401, an increase of \$1,714,751 over June 30, 2020. In the General Fund, the unassigned fund balance is \$4,098,557, as shown on Statement C.

At June 30, 2021, the City had a fund balance of \$3,150,661 in the 1965 Sales Tax Fund to provide for constructing, acquiring, extending, improving, and/or maintaining drainage facilities, streets, sidewalks, public buildings; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities; and maintaining and operating garbage collection facilities.

The amounts in the Policemen and Firemen Pay Millage Funds have been earmarked by public election to be used only towards salaries for these departments. The total amount collected this fiscal year will be transferred to the General Fund in the next fiscal year to pay a portion of the total salaries of the City's policemen and firemen. In addition, monies in the Equipment Millage Fund are only to be spent on equipment for the Police and Fire departments.

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

Fund Balance in the City's Major Funds:

<u>Fund Balance Date</u>	<u>General Fund</u>	<u>1965 Sales Tax Fund</u>
June 30, 2021	\$ 4,098,557	\$ 3,150,661
June 30, 2020	3,182,658	2,393,519
Change in Fund Balance	<u>\$ 915,899</u>	<u>\$ 757,142</u>

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Other Supplementary Information portion of this report, beginning with Schedule 5.

- B. Proprietary Funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on Statements G, H, and I.

NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages indicated in the table of contents.

SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and certain other supplementary information. Required supplementary information can be found on Schedules 1, 2, 3, and 4 of this report.

- A. Budgetary Comparison Information - The City adopts an annual appropriated budget for its General Fund, Sales Tax Fund, and Millage Funds for Police and Fire department pay, as well as for equipment for both departments. A budgetary comparison statement has been provided for the City's major funds on Schedules 1 and 2, to demonstrate compliance,

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

Significant variations from the General Fund's original budget amounts and final budget amounts are as follows:

- Intergovernmental revenues increased by approximately \$1,300,000 due to funds received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Act.
- Sales tax revenue increased by approximately \$500,000 due to growth in local sales.
- Public works expenditures decreased by approximately \$900,000 due to a decrease in expected expenditures in street overlay, sidewalk projects, and lighting projects.

There were no significant variations between the General Fund's final budget amounts and actual amounts.

- B. Combining Statements of the Non-Major Governmental Funds - Special Revenue Funds (Mausoleum Trust Fund, Firemen Pay Millage Fund, Policemen Pay Millage Fund, and Equipment Millage Fund), and the Permanent Fund (Cemetery Endowment Fund) have been provided on Schedules 5 and 6.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of accumulated depreciation, as of June 30, 2021, in its governmental activities, is \$9,263,507 and in business-type activities is \$12,359,590, which totals \$21,623,097 for the City. Capital assets include land, construction in progress, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in the City's capital assets for the current fiscal year was a \$253,646 decrease for governmental activities and a \$475,153 increase for business-type activities.

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

- Equipment and vehicles for the police department
- Improvements to the City's sewer and water infrastructure
- Road improvements and new equipment for public works

Additional information on the City's capital assets can be found in Note 7.

Long-Term Debt

At the end of the current fiscal year, the City had no bond debt outstanding.

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered in preparing the City's budget for the 2022 fiscal year:

- Again, as in the past, sales tax collections are the City's largest revenue source. In reviewing fiscal year 2021's collections, projected collections for fiscal year 2022 are comparable to 2021.
- During the budget planning process, funds have been designated for certain capital outlays, including continued improvements to the City's utility infrastructure.
- The City budgeted additional money for street improvements and overlays.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Cheryl Hoover, Finance Manager, 125 West Hickory Street, Ponchatoula, Louisiana 70454.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF PONCHATOULA, LOUISIANA
Statement of Net Position
June 30, 2021

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 4,493,880	\$ 1,187,902	\$ 5,681,782
Investments	2,163,185	153,432	2,316,617
Accounts Receivable, Net	1,376,394	131,566	1,507,960
Other Current Assets	20,742	-	20,742
Internal Balances	128,417	(128,417)	-
Restricted Cash and Cash Equivalents	-	39,799	39,799
Restricted Investments	-	253,419	253,419
Capital Assets, Net	9,263,507	12,359,590	21,623,097
Total Assets	17,446,125	13,997,291	31,443,416
Deferred Outflows of Resources			
Deferred Outflows - Pension Related	2,203,577	85,719	2,289,296
Liabilities			
Accounts Payable	310,148	-	310,148
Accrued Liabilities	213,069	12,843	225,912
Payable from Restricted Assets			
Utility Meter Deposits	-	342,892	342,892
Net Pension Liability	6,168,163	288,099	6,456,262
Total Liabilities	6,691,380	643,834	7,335,214
Deferred Inflows of Resources			
Deferred Inflows - Pension Related	513,570	4,847	518,417
Net Position			
Net Investment in Capital Assets	9,263,507	12,359,590	21,623,097
Restricted for:			
Cemetery / Mausoleum	29,785	-	29,785
Dedicated Sales Tax Usage	3,150,661	-	3,150,661
Dedicated Ad Valorem Tax Usage	321,879	-	321,879
Unrestricted	(321,080)	1,074,739	753,659
Total Net Position	\$ 12,444,752	\$ 13,434,329	\$ 25,879,081

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

CITY OF PONCHATOULA, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2021

Statement B

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues 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	\$ 1,773,020	\$ -	\$ 21,968	\$ -	\$ (1,751,052)	\$ -	\$ (1,751,052)
Public Safety	4,780,565	166,812	1,017,901	-	(3,595,852)	-	(3,595,852)
Public Works	2,399,671	673,890	84,496	-	(1,641,285)	-	(1,641,285)
Cemetery	37,792	-	-	-	(37,792)	-	(37,792)
Culture and Recreation	194,420	-	-	-	(194,420)	-	(194,420)
Community Development	87,420	-	-	-	(87,420)	-	(87,420)
Public Transportation	34,448	-	-	-	(34,448)	-	(34,448)
Miscellaneous Programs	34,687	-	-	-	(34,687)	-	(34,687)
Debt Service Interest	2,541	-	-	-	(2,541)	-	(2,541)
Total Governmental Activities	9,344,564	840,702	1,124,365	-	(7,379,497)	-	(7,379,497)
Business-Type Activities							
Sewer	1,045,664	1,002,625	-	173,617	-	130,578	130,578
Water	676,252	393,708	-	-	-	(282,544)	(282,544)
Total Business-Type Activities	1,721,916	1,396,333	-	173,617	-	(151,966)	(151,966)
Total	\$ 11,066,480	\$ 2,237,035	\$ 1,124,365	\$ 173,617	(7,379,497)	(151,966)	(7,531,463)
General Revenues							
Sales Taxes					6,533,672	-	6,533,672
Property Taxes					1,019,890	-	1,019,890
Licenses, Permits, and Fees					837,430	-	837,430
Intergovernmental Revenues					58,711	-	58,711
Miscellaneous					365,259	1,250	366,509
Revenue from Non-Employer Contributions					181,686	8,842	190,528
Gain on Sale of Assets					8,261	-	8,261
Transfers In (Out)					(400,000)	400,000	-
Total General Revenues and Transfers					8,604,909	410,092	9,015,001
Change in Net Position					1,225,412	258,126	1,483,538
Net Position, Beginning of Year					11,219,340	13,176,203	24,395,543
Net Position, End of Year					\$ 12,444,752	\$ 13,434,329	\$ 25,879,081

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

CITY OF PONCHATOULA, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2021

Statement C

	General Fund	Special Revenue Fund 1965 Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 2,510,964	\$ 1,729,182	\$ 253,734	\$ 4,493,880
Investments	1,245,194	845,717	72,274	2,163,185
Accounts Receivable, Net				
Sales Taxes	578,836	578,659	-	1,157,495
Franchise Taxes	74,845	-	-	74,845
Garbage Collection Fees, Net	105,092	-	-	105,092
Other Receivables	38,962	-	-	38,962
Other Current Assets	20,742	-	-	20,742
Due from Other Funds	128,417	-	84,175	212,592
Total Assets	\$ 4,703,052	\$ 3,153,558	\$ 410,183	\$ 8,266,793
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$ 307,251	\$ 2,897	\$ -	\$ 310,148
Accrued Liabilities	213,069	-	-	213,069
Due to Other Funds	84,175	-	-	84,175
Total Liabilities	604,495	2,897	-	607,392
Fund Balances				
Nonspendable	-	-	58,519	58,519
Restricted, Reported in				
Special Revenue Funds	-	3,150,661	351,664	3,502,325
Unassigned	4,098,557	-	-	4,098,557
Total Fund Balances	4,098,557	3,150,661	410,183	7,659,401
Total Liabilities and Fund Balances	\$ 4,703,052	\$ 3,153,558	\$ 410,183	\$ 8,266,793

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

CITY OF PONCHATOULA, LOUISIANA
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2021

Statement D

Fund Balances - Total Governmental Funds	\$ 7,659,401
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental Capital Assets	23,479,955
Less: Accumulated Depreciation	(14,216,448)

In accordance with GASB Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources is not recorded in the governmental funds:

Net Pension Liability	(6,168,163)
Deferred Outflows of Resources	2,203,577
Deferred Inflows of Resources	<u>(513,570)</u>

Net Position of Governmental Activities	<u>\$ 12,444,752</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF PONCHATOULA, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

Statement E

	General Fund	Special Revenue Fund 1965 Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Sales Taxes	\$ 3,266,836	\$ 3,266,836	\$ -	\$ 6,533,672
Property Taxes	426,475	-	593,415	1,019,890
Intergovernmental Revenue	1,183,076	-	-	1,183,076
Licenses and Permits	536,663	-	-	536,663
Sanitation Service Fees	673,890	-	-	673,890
Franchise Fees	300,767	-	-	300,767
Fines and Forfeitures	166,812	-	-	166,812
Other Revenues	362,973	-	-	362,973
Interest Income	595	1,143	548	2,286
Total Revenues	6,918,087	3,267,979	593,963	10,780,029
Expenditures				
Current				
General Government	1,536,006	20,837	-	1,556,843
Public Safety	4,213,941	-	108,553	4,322,494
Public Works	2,229,089	-	-	2,229,089
Cemetery	37,792	-	-	37,792
Culture and Recreation	303,662	-	-	303,662
Community Development	76,733	-	-	76,733
Public Transportation	34,225	-	-	34,225
Miscellaneous Programs	31,682	-	-	31,682
Debt Service	82,718	-	-	82,718
Total Expenditures	8,545,848	20,837	108,553	8,675,238
Excess (Deficiency) of Revenues Over Expenditures	(1,627,761)	3,247,142	485,410	2,104,791
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	9,960	-	-	9,960
Transfers In	2,933,700	-	-	2,933,700
Transfers Out	(400,000)	(2,490,000)	(443,700)	(3,333,700)
Total Other Financing Sources (Uses)	2,543,660	(2,490,000)	(443,700)	(390,040)
Net Change in Fund Balances	915,899	757,142	41,710	1,714,751
Fund Balances, Beginning of Year	3,182,658	2,393,519	368,473	5,944,650
Fund Balances, End of Year	\$ 4,098,557	\$ 3,150,661	\$ 410,183	\$ 7,659,401

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

CITY OF PONCHATOULA, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended June 30, 2021

Statement F

Net Change in Fund Balances - Total Governmental Funds	\$ 1,714,751
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay 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 depreciation exceeded capital outlay in the current period.</p>	(251,947)
<p>In accordance with GASB Statement No. 68, the net pension liability related to pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities.</p>	(315,870)
<p>The net effect of various miscellaneous transactions involving capital assets is to decrease net position.</p>	(1,699)
<p>The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds and increases long-term liabilities in the statement of net position. Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	<u>80,177</u>
<p>Change in Net Position of Governmental Activities</p>	<u><u>\$ 1,225,412</u></u>

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Net Position
Proprietary Funds
June 30, 2021 and 2020

Statement G

	Business-Type Activities		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2021	2020
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 1,114,843	\$ 73,059	\$ 1,187,902	\$ 1,449,128
Investments	80,918	22,840	103,758	154,819
Accounts Receivable, Net	92,910	38,656	131,566	118,183
Total Current Assets	1,288,671	134,555	1,423,226	1,722,130
Restricted Assets				
Cash and Cash Equivalents				
Water Fund - Meter Deposits	-	39,799	39,799	79,475
Investments				
Water Fund - Meter Deposits	-	303,093	303,093	253,197
Total Restricted Assets	-	342,892	342,892	332,672
Capital Assets				
Property, Plant, and Equipment, at Cost	13,910,960	6,760,844	20,671,804	18,845,963
Less: Accumulated Depreciation	(6,218,414)	(2,539,707)	(8,758,121)	(8,136,176)
Land	3,170	221,593	224,763	224,763
Construction in Progress	-	221,144	221,144	949,887
Total Capital Assets	7,695,716	4,663,874	12,359,590	11,884,437
Total Assets	8,984,387	5,141,321	14,125,708	13,939,239
Deferred Outflows of Resources				
Deferred Outflows - Pension Related	51,355	34,364	85,719	99,793
Liabilities				
Current Liabilities (Payable from Current Assets)				
Accrued Liabilities	8,046	4,797	12,843	19,793
Due to Other Funds	21,644	106,773	128,417	224,363
Total Current Liabilities (Payable from Current Assets)	29,690	111,570	141,260	244,156
Current Liabilities (Payable from Restricted Assets)				
Water Fund - Meter Deposits	-	342,892	342,892	332,672
Total Current Liabilities (Payable from Restricted Assets)	-	342,892	342,892	332,672
Net Pension Liability	172,602	115,497	288,099	273,854
Total Liabilities	202,292	569,959	772,251	850,682
Deferred Inflows of Resources				
Deferred Inflows - Pension Related	2,904	1,943	4,847	12,147
Net Position				
Net Investment in Capital Assets	7,695,716	4,663,874	12,359,590	11,884,437
Unrestricted	1,134,830	(60,091)	1,074,739	1,291,766
Total Net Position	\$ 8,830,546	\$ 4,603,783	\$ 13,434,329	\$ 13,176,203

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Years Ended June 30, 2021 and 2020

Statement H

	Business-Type Activities		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2021	2020
Operating Revenues				
Charges for Services	\$ 1,002,625	\$ 393,708	\$ 1,396,333	\$ 1,380,662
Total Operating Revenues	1,002,625	393,708	1,396,333	1,380,662
Operating Expenses				
Depreciation and Amortization	444,523	178,180	622,703	587,540
Salaries and Employee Benefits	221,441	150,869	372,310	322,428
Repairs and Maintenance	118,970	173,072	292,042	710,350
Utilities and Telephone	114,900	63,786	178,686	160,692
Supplies	24,298	54,026	78,324	70,111
Professional Fees	7,500	5,831	13,331	13,671
Environmental Testing	42,545	30,039	72,584	71,971
Insurance	39,189	17,180	56,369	46,039
Vehicle Expense	4,253	3,144	7,397	7,706
Bad Debt	-	-	-	35,000
Miscellaneous	28,045	125	28,170	32,339
Total Operating Expenses	1,045,664	676,252	1,721,916	2,057,847
Operating Loss	(43,039)	(282,544)	(325,583)	(677,185)
Non-Operating Revenues (Expenses)				
Investment Income	2,172	(922)	1,250	33,147
Community Development Block Grant	49,113	-	49,113	949,887
Capital and Other Grants	124,504	-	124,504	13,645
Transfers In/Out	-	400,000	400,000	(255,000)
Revenue from Non-Employer Contributions	5,296	3,546	8,842	12,249
Total Non-Operating Revenues (Expenses)	181,085	402,624	583,709	753,928
Change in Net Position	138,046	120,080	258,126	76,743
Net Position, Beginning of Year	8,692,500	4,483,703	13,176,203	13,099,460
Net Position, End of Year	\$ 8,830,546	\$ 4,603,783	\$ 13,434,329	\$ 13,176,203

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Cash Flows
Proprietary Funds
For the Years Ended June 30, 2021 and 2020

Statement I

	Business-Type Activities		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2021	2020
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 991,802	\$ 401,368	\$ 1,393,170	\$ 1,349,977
Payments to Suppliers	(379,700)	(347,203)	(726,903)	(1,112,879)
Payments to Employees	(207,805)	(141,593)	(349,398)	(316,025)
Net Cash Provided by (Used in) Operating Activities	404,297	(87,428)	316,869	(78,927)
Cash Flows from Non-Capital Financing Activities				
Interfund Transfers and Borrowings	(44,283)	348,337	304,054	(110,785)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(44,283)	348,337	304,054	(110,785)
Cash Flows from Capital and Related Financing Activities				
Construction of Capital Assets	(821,498)	(278,047)	(1,099,545)	(1,209,222)
Capital Grants	173,617	-	173,617	949,887
Net Cash Used in Capital and Related Financing Activities	(647,881)	(278,047)	(925,928)	(259,335)
Cash Flows from Investing Activities				
Interest Earned on Investments	3,778	325	4,103	31,476
Sale (Purchase) of Investments, Net	-	-	-	9,615
Net Cash Provided by Investing Activities	3,778	325	4,103	41,091
Net Decrease in Cash and Cash Equivalents	(284,089)	(16,813)	(300,902)	(407,956)
Cash and Cash Equivalents, Beginning of Year	1,398,932	129,671	1,528,603	1,936,559
Cash and Cash Equivalents, End of Year	\$ 1,114,843	\$ 112,858	\$ 1,227,701	\$ 1,528,603
Reconciliation of Cash Accounts				
Unrestricted Cash and Cash Equivalents	\$ 1,114,843	\$ 73,059	\$ 1,187,902	\$ 1,449,128
Restricted Cash and Cash Equivalents	-	39,799	39,799	79,475
Cash and Cash Equivalents, End of Year	\$ 1,114,843	\$ 112,858	\$ 1,227,701	\$ 1,528,603

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Cash Flows
Proprietary Funds
For the Years Ended June 30, 2021 and 2020

Statement I (Continued)

	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2021	2020
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Operating Loss	\$ (43,039)	\$ (282,544)	\$ (325,583)	\$ (677,185)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	444,523	178,180	622,703	587,540
Bad Debt	-	-	-	35,000
Pension Expense Adjustments for Net Pension Liability Calculation	15,523	14,339	29,862	17,499
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable, Net	(10,823)	(2,560)	(13,383)	(24,844)
Increase (Decrease) in Accrued Liabilities	(1,887)	(5,063)	(6,950)	(11,096)
Increase (Decrease) in Meter Deposits	-	10,220	10,220	(5,841)
Net Cash Provided by (Used in) Operating Activities	\$ 404,297	\$ (87,428)	\$ 316,869	\$ (78,927)

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

NOTES TO FINANCIAL STATEMENTS

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

The City of Ponchatoula, Louisiana (the City) was incorporated on February 12, 1861. Upon the City's acceptance of the provisions of Act 136 enacted on July 29, 1898, it became governed under the Lawrason Act. The City operates under a Mayor-City Council form of government. The Mayor is elected for a four-year term. The City Council consists of five council members, each elected from a separate district in the City and each serving a four-year term of office. The Mayor and each member of the City Council are compensated for their service to the City. The City is located north of New Orleans, Louisiana, and east of Baton Rouge, Louisiana, at the intersections of Interstate Highway 55 and Interstate Highway 12. The population of the City, according to the most recent census taken in 2010, is 6,559. The City currently services approximately 2,800 commercial and residential utility customers. The City provides the following services: public safety (police and fire), streets, drainage, sanitation, culture/recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer utilities. The City presently maintains 44 miles of roads and streets.

The accounting and reporting policies of the City conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (R.S.) 24:513, to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

Reporting Entity

The City's basic financial statements include the accounts of all city operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The City holds the corporate powers of the organization.
- The City appoints a voting majority of the organization's board.
- The City is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the City.
- There is a fiscal dependency by the organization on the City.

Based on the aforementioned criteria, the City has no component units.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety (police and fire), streets, drainage, sanitation, culture/recreation, public improvements, planning and zoning, and general and administrative services are classified as governmental activities. The City's water and sewer utility services are classified as business-type activities.

Statement of Net Position - In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

Statement of Activities - The government-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reports capital-specific grants and contributions.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. The non-major funds are combined in a single column in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - Fund Financial Statements (Continued)

Governmental Funds - The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these governmental funds and fund types:

General Fund - The General Fund is the general operating fund of the City. This fund is used to account for and report all financial transactions and resources except for those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditures for specified purposes. The 1965 Sales Tax Fund is considered to be a major fund. The Firemen Pay Millage Fund, Policemen Pay Millage Fund, Equipment Millage Fund, and Mausoleum Trust Fund are considered to be non-major funds.

Permanent Funds - Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The Cemetery Endowment Fund is considered to be a non-major fund for reporting purposes.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Proprietary Funds - Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. The City's Water Enterprise Fund and Sewer Enterprise Fund account for the operations of providing water services and sewer services, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds, including General, Special Revenue, and Permanent Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds' statements. Capital assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balances.

The government-wide statement of net position and statement of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The fund financial statements of the General, Special Revenue, and Permanent Funds are maintained and reported on the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within forty-five days of the fiscal year-end. Levies made prior to the fiscal year-end, but which are not available, are deferred. Interest income is recorded as earned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The statements of net position, statements of activities, and the statements of cash flows of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Budgets and Budgetary Accounting

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their budgets over the course of the year for a variety of reasons. The City's original budget is shown along with the comparison of the final budget and actual results.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Mayor, with the assistance of the Finance Manager, prepares a proposed budget and submits this budget to the City Council no later than fifteen days prior to the beginning of each fiscal year.
- A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2021 was published timely in the official journal of the City.
- A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget for the year ended June 30, 2021 on June 8, 2020.
- After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget for the year ended June 30, 2021 was adopted on June 8, 2020.
- Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the City Council. The budget for the year ended June 30, 2021 was amended on June 14, 2021.
- 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 (U.S. GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
- The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the actual amounts with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules for the General and 1965 Sales Tax Funds present actual expenditures in accordance with accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets, as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Accounts

Cash and Investments - Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value using published market values.

Allowance for Uncollectible Accounts - The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Short-Term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from/due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory - The City utilizes the "purchase method" of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The City did not record any inventory at June 30, 2021 as the amount is immaterial.

Capital Assets - Capital outlays are recorded as expenditures of the General and Special Revenue Funds and as assets in the government-wide financial statements, to the extent the City's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Although an exception exists for local governments with annual revenues of less than \$10 million, the City has elected to report its infrastructure retroactively.

Capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis. All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Infrastructure is capitalized by estimate using current replacement cost for a similar asset and deflating this cost through the use of price indices to the acquisition year. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require that the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Accounts (Continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in the results of operations.

Long-Term Obligations - In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Compensated Absences - The City's policy is to allow employees vacation pay based on employee classification and length of service. Vacation pay is not cumulative from year-to-year, unless written permission is granted by the employee's Department Head. Any unpaid vacation amounts are paid to employees upon separation from the City's service. Sick leave is provided for by the City and is cumulative and the employee's right to unused sick leave does not vest. The current portions of the governmental funds' compensated absences liabilities are recorded as accrued liabilities in the General Fund and Enterprise Funds.

Pension Plans - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three pension plans and additions to/deductions from the plans' fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position - In the government-wide and proprietary fund statements, net position is displayed in three components:

- Net Investment in Capital Assets - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - All other net position is reported in this category.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Accounts (Continued)

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

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable Fund Balance - Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance - Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
3. Unassigned Fund Balance - All amounts not included in other spendable classifications.

The City considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

Interfund Transactions - Permanent re-allocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Sales and Use Taxes - Sales taxes are collected by the Tangipahoa Parish School Board (the School Board) and remitted to the City in the month following receipt by the School Board.

- The original 1965 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving drainage, streets, sidewalks, public buildings, fire department stations and equipment, and maintaining and operating garbage collection facilities. There is no expiration date on this sales and use tax.
- The additional 1982 1% sales and use tax passed by the voters is to be used for extending, acquiring, maintaining, constructing, and improving sewers and sewer facilities, waterworks facilities, drainage and drain facilities, and for any other lawful corporate purpose of the City. There is no expiration date on this sales and use tax.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

Adopted Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The adoption of this guidance did not have a material impact to the City's financial statements.

Recently Issued 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 GASB 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 establishes 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 GASB 89 to reporting periods beginning after December 15, 2020.

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 GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year-end. The City was in compliance with the Local Budget Act. See Note 1 for the procedures the City follows regarding budgets and budgetary accounting.

Deposits, Investment Laws, and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3, regarding cash and cash equivalents, and Note 4, regarding investments, the City was in compliance with the deposit and investment laws and regulations.

Deficit Fund Balance

As of June 30, 2021, no city funds had deficit fund balances.

Note 3. Cash and Cash Equivalents

At June 30, 2021, the City had \$5,721,581 (book balance) in interest-bearing demand deposits as follows: cash and cash equivalents of \$5,681,782 and restricted cash and cash equivalents of \$39,799. These deposits are stated at cost, which approximates market.

Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City does not have a deposit policy for custodial credit risk. As of June 30, 2021, approximately \$5,650,000 of the City's bank balance of approximately \$5,900,000 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the City and the fiscal agent bank.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 4. Investments

At June 30, 2021, the City had investments which include \$2,141,399 invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool, and \$428,637 in other investments. The following table provides information on the credit ratings, maturity dates, and fair values associated with the City's investments at June 30, 2021:

Investment	Rating	Maturity	Fair Value
FHLB Bond	AAAm	09/30/21	\$ 104,529
Certificates of Deposit	N/A	Varies	324,108
LAMP	AAA/Aaa/AAA	N/A	<u>2,141,399</u>
Total			<u>\$ 2,570,036</u>

Interest Rate Risk - Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Of the City's investments, \$428,637 have maturities of one to five years.

Credit Quality Risk: Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the City.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The City has a formal investment policy regarding investment credit risk, and the investments of the City owned at June 30, 2021 were not subject to custodial credit risk.

Concentration of Credit Risk - The City has a formal limit on the amount the City may invest in any one issuer. It is the policy of the City to diversify its investment portfolio. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Issuers comprising 5% or more of the City's investments at June 30, 2021 were LAMP at 83%.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 4. Investments (Continued)

Louisiana Asset Management Pool (LAMP) - State law limits the City's investments to direct U.S. Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies; bonds, debentures, notes, or other evidence of indebtedness issued by the State of Louisiana or any of its political subdivisions; direct security repurchase agreements; fully collateralized time certificates of deposit of any bank domiciled in the State of Louisiana; mutual or trust fund institutions which are registered with the Securities and Exchange Commission (SEC) and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies; guaranteed investment contracts; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; and LAMP.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955. LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79.

The following facts are relevant for investment pools:

- Credit Risk: LAMP is rated AAA by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 53 days as of June 30, 2021.
- Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 5. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States. The hierarchy is based on the valuation inputs to measure the fair value of the asset and is as follows:

- Level 1 Investments reflect prices quoted in active markets.
- Level 2 Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

At June 30, 2021, the City's investments in U.S. Agency Obligations with a fair market value of \$104,529 and certificates of deposit with a fair market value of \$324,108 are categorized at Level 2. The City's \$2,141,399 investment in LAMP is categorized as an investment measured at net asset value.

Note 6. Accounts Receivable

At June 30, 2021, the City had the following utility receivables and corresponding allowance for doubtful accounts:

	Governmental Funds	Proprietary Funds	
	General Fund	Sewer	Water
Utility Receivables	\$ 212,809	\$ 211,983	\$ 54,585
Less: Allowance for Doubtful Accounts	(107,717)	(119,073)	(15,929)
Utility Receivables, Net	\$ 105,092	\$ 92,910	\$ 38,656

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 7. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Capital Assets Not Depreciated					
Land	\$ 575,113	\$ -	\$ -	\$ -	\$ 575,113
Construction in Progress	267,650	343,969	-	(175,061)	436,558
Total Capital Assets Not Depreciated	842,763	343,969	-	(175,061)	1,011,671
Capital Assets Depreciated					
Building Official	43,010	-	-	-	43,010
Building - Sanitation	75,968	-	-	-	75,968
City Hall	1,538,315	16,236	-	-	1,554,551
Civil Defense	1,090	-	-	-	1,090
Community Center	1,298,551	-	-	-	1,298,551
DDD	1,428	-	-	-	1,428
Executive (Mayor)	16,671	-	-	-	16,671
Fire	917,348	15,797	(1,200)	-	931,945
Hickory Park	681,997	11,180	-	144,006	837,183
Industrial Park	427,449	-	-	-	427,449
Judicial	39,312	2,450	-	-	41,762
Main Street Program	1,275	-	-	-	1,275
Miscellaneous Programs	89,407	-	-	-	89,407
Museum	-	-	-	31,055	31,055
Parks	771,550	34,929	(14,400)	-	792,079
Police	2,923,101	161,869	(8,518)	-	3,076,452
Public Works	103,376	-	-	-	103,376
Streets and Roadways	2,711,100	66,394	-	-	2,777,494
Transportation	4,456	-	-	-	4,456
Youth Alliance	2,288	-	-	-	2,288
Infrastructure	10,360,792	-	-	-	10,360,792
Total Capital Assets Depreciated	22,008,484	308,855	(24,118)	175,061	22,468,282
Less Accumulated Depreciation					
Building Official	32,801	5,627	-	-	38,428
Building - Sanitation	36,559	1,900	-	-	38,459
City Hall	922,980	63,780	-	-	986,760
Civil Defense	1,090	-	-	-	1,090
Community Center	1,126,629	12,930	-	-	1,139,559
DDD	333	286	-	-	619
Executive (Mayor)	12,247	1,318	-	-	13,565
Fire	485,310	54,701	(1,200)	-	538,811
Hickory Park	87,155	56,413	-	-	143,568
Industrial Park	287,001	10,687	-	-	297,688
Judicial	34,141	1,756	-	-	35,897
Main Street Program	1,275	-	-	-	1,275
Miscellaneous Programs	61,660	2,719	-	-	64,379
Museum	-	345	-	-	345
Parks	480,906	41,783	(14,400)	-	508,289
Police	922,594	245,862	(6,819)	-	1,161,637
Public Works	62,932	2,383	-	-	65,315
Streets and Roadways	1,345,473	171,059	-	-	1,516,532
Transportation	56	223	-	-	279
Youth Alliance	1,349	457	-	-	1,806
Infrastructure	7,431,603	230,542	-	-	7,662,145
Total Accumulated Depreciation	13,334,094	904,771	(22,419)	-	14,216,446
Total Capital Assets Depreciated, Net	8,674,390	(595,916)	(1,699)	175,061	8,251,836
Total Governmental Capital Assets, Net	\$ 9,517,153	\$ (251,947)	\$ (1,699)	\$ -	\$ 9,263,507

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 7. Capital Assets (Continued)

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives as follows:

Water and Sewer Plant	50 Years
Buildings	40 Years
Equipment	3 - 20 Years
Infrastructure	25 Years

Depreciation was charged to governmental functions as follows:

General Government	\$ 72,481
Public Safety	300,563
Public Works	405,884
Culture and Recreation	111,928
Community Development	10,687
Public Transportation	223
Miscellaneous Programs	3,005
Total	\$ 904,771

The following is a summary of changes in capital assets for business-type activities for fiscal year ended June 30, 2021:

	June 30, 2020	Increases	Decreases	Transfers	June 30, 2021
Capital Assets Not Depreciated					
Land	\$ 224,763	\$ -	\$ -	\$ -	\$ 224,763
Construction in Progress	949,887	716,365	-	(1,445,108)	221,144
Total Capital Assets Not Depreciated	1,174,650	716,365	-	(1,445,108)	445,907
Other Capital Assets					
Sewer Utility	8,695,862	326,277	(2,446)	1,445,108	10,464,801
Wastewater Treatment	3,446,158	-	-	-	3,446,158
Water Utility	6,703,943	56,903	-	-	6,760,846
Total Other Capital Assets	18,845,963	383,180	(2,446)	1,445,108	20,671,805
Less Accumulated Depreciation					
Sewer Utility	4,147,745	366,735	(757)	-	4,513,723
Wastewater Treatment	1,626,904	77,788	-	-	1,704,692
Water Utility	2,361,527	178,180	-	-	2,539,707
Total Accumulated Depreciation	8,136,176	622,703	(757)	-	8,758,122
Total Other Capital Assets, Net	10,709,787	(239,523)	(1,689)	1,445,108	11,913,683
Total Business-Type Capital Assets, Net	\$ 11,884,437	\$ 476,842	\$ (1,689)	\$ -	\$ 12,359,590

Note 8. Employee Pension Plans

Municipal Employees' Retirement System of Louisiana

Plan Description

Employees of the City are eligible for participation in the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing, multiple-employer defined benefit pension plan B administered by a Board of Trustees and established by Act 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.mersla.com/annual-reports. The report may also be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Benefits Provided

The System provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the employee's monthly average final compensation multiplied by the employee's years of creditable service. Employees with 30 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits with 10 years of creditable service, are not eligible for normal retirement, and have been officially certified as disabled by the State Medical Disability Board. Survivor's benefits are available upon the death of a member who has credit for five or more years of service who is not eligible for normal retirement benefits. Under state law, cost-of-living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost-of-living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

Contributions

Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 5% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2021 was 15.50% of annual payroll. Contributions to the System from the City were \$185,974 for the year ended June 30, 2021.

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

At June 30, 2021, the City reported a liability of \$1,535,745 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2021 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 1.694661%, which was an increase of 0.069332% from its proportion measured as of June 30, 2019.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense of \$184,990. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 25,841
Changes of Assumptions	47,594	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	166,728	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	56,625	-
City Contributions Subsequent to the Measurement Date	185,974	-
Total	\$ 456,921	\$ 25,841

The City reported \$185,974 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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

Year Ending June 30,	Amount
2022	\$ 116,379
2023	66,322
2024	37,985
2025	24,420

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	6.95%, net of investment expense, including inflation
Inflation Rate	2.5%
Projected Salary Increases	
- 1 to 4 Years	7.40% (2.50% inflation, 4.90% merit)
- More than 4 Years	4.90% (2.50% inflation, 2.40% merit)
Mortality Rates	PubG-2010(B) Employee and Healthy Retiree tables set equal to 120% for males and females using their respective male and female MP2018 scale. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Expected Remaining Service Lives	3 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into 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.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

The mortality rate assumption used was verified by combining data from the System with three other statewide plans which have similar workforce compositions in order to produce a credible experience. The aggregated data was collected over the period July 1, 2013 to June 30, 2018. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.6% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.0% for the year ended June 30, 2020.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	53.00%	2.33%
Public Fixed Income	38.00%	1.67%
Alternatives	9.00%	0.40%
Total	100.00%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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 (5.95%) or one percentage point higher (7.95%) than the current rate:

	1.0% Decrease (5.95%)	Current Discount Rate (6.95%)	1.0% Increase (7.95%)
City's Proportionate Share of the Net Pension Liability	\$ 2,044,365	\$ 1,535,745	\$ 1,105,385

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

Payables to the Pension Plan

As of June 30, 2021, the City owed approximately \$20,000 to the System for the City's June 2021 payroll.

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana

Plan Description

Employees of the City are eligible for participation in the Firefighters' Retirement System of Louisiana (the Fire System), a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 434 of the 1979 Regular Session of the Louisiana Legislature. The Fire System issues a publicly available financial report that can be obtained at www.lafirefightersret.com/finance.html. The report may also be obtained by writing to the Firefighters' Retirement System of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809, or by calling (225) 925-4060.

Benefits Provided

The Fire System provides retirement, disability, and death benefits. Retirement benefits are determined as 3 $\frac{1}{3}$ % of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100%. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 12 years of service are eligible to retire at age 55. Employees are eligible for disability benefits if totally disabled from injury received in the line of duty. Employees who are disabled or incapacitated, but not in the line of duty, are eligible for disability benefits with 5 years of service. Cost-of-living increases are not provided.

Contributions

Per Act 434 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year.

Employees are required to contribute 10% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2021 was 32.25% of annual payroll. Contributions to the Fire System from the City were \$162,364 for the year ended June 30, 2021.

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

At June 30, 2021, the City reported a liability of \$1,624,693 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2021 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.234391%, which was an increase of 0.006488% from its proportion measured as of June 30, 2019.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense of \$197,038. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 103,948
Changes of Assumptions	157,057	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	178,921	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	340,326	4,415
City Contributions Subsequent to the Measurement Date	162,364	-
Total	\$ 838,668	\$ 108,363

The City reported \$162,364 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year Ending June 30,	Amount
2022	\$ 112,194
2023	159,939
2024	145,681
2025	97,800
2026	42,982
2027	9,345

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.5%
Salary Increases	Vary from 14.10% in the first two years of service and 5.20% with 3 or more years of service
Investment Rate of Return	7.0%, net of investment expense

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income - U.S. Core	26.00%	1.00%
Fixed Income - Emerging Market Debt	5.00%	3.40%
Equity - U.S.	26.00%	5.72%
Equity - Non-U.S.	12.00%	6.24%
Equity - Global	10.00%	6.23%
Equity - Emerging Market	6.00%	8.61%
Alternatives - Real Estate	6.00%	4.20%
Alternatives - Private Equity	9.00%	10.29%
Other - Global Tactical Asset Allocation	0.00%	4.22%
Other - Risk Parity	0.00%	4.22%
Total	100.00%	

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the Fire System's actuary. Based on those assumptions, the Fire System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%) or one percentage point higher (8.0%) than the current rate:

	1.0% Decrease (6.0%)	Current Discount Rate (7.0%)	1.0% Increase (8.0%)
City's Proportionate Share of the Net Pension Liability	\$ 2,346,853	\$ 1,624,693	\$ 1,021,902

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire System's financial report.

Payables to the Pension Plan

As of June 30, 2021, the City owed approximately \$18,000 to the Fire System for the City's June 2021 payroll.

Municipal Police Employees' Retirement System of Louisiana

Plan Description

Police officers of the City participate in the Municipal Police Employees' Retirement System of Louisiana (the Police System), a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 189 of the 1973 Regular Session of the Louisiana Legislature. The Police System issues a publicly available financial report that can be obtained at www.lampers.org/auditreports.htm. The report may also be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 99-7411.

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Benefits Provided

The Police System provides retirement, disability, and death benefits.

For employees that became members of the Police System prior to January 1, 2013, retirement benefits are determined as 3 $\frac{1}{3}$ % of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 20 years of service are eligible to retire at age 50. Employees with a minimum of 12 years of service are eligible to retire at age 55.

For employees that became members of the Police System after January 1, 2013, retirement benefits are divided into two sub-plans - Hazardous Duty and Non-Hazardous Duty. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police 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 Police 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 Police System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Retirement benefits are determined as 3% (Hazardous Duty members) and 2 $\frac{1}{2}$ % (Non-Hazardous Duty members) of the employee's average final compensation based on the highest 60 consecutive months of pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary.

Cost-of-living increases cannot exceed 3% of the retiree's current benefit. The Police System is authorized to provide an additional 2% cost-of-living increase, computed on the member's original benefit, to all regular or disabled retirees, survivors, and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

Contributions

Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System's Board of Trustees. Employees are required to contribute 10% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2021 was 33.75% of annual payroll. Contributions to the Police System from the City were \$358,796 for the year ended June 30, 2021.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

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

At June 30, 2021, the City reported a liability of \$3,295,824 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2021 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.356601%, which was a decrease of 0.020376% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$145,391. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 129,820
Changes of Assumptions	78,316	81,336
Net Difference between Projected and Actual Earnings on Pension Plan Investments	395,400	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	161,192	173,057
City Contributions Subsequent to the Measurement Date	358,796	-
Total	\$ 993,704	\$ 384,213

The City reported \$358,796 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year Ending June 30,	Amount
2022	\$ 3,785
2023	55,875
2024	115,947
2025	75,088

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions

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

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.95%, net of investment expense
Inflation Rate	2.50%
Projected Salary Increases	
- 1 to 2 Years	12.30%
- Over 2 Years	4.70%
Mortality Rates	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 MP 2019 scale for employees, annuitants, and beneficiaries. Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale for disabled lives.
Expected Remaining Service Lives	4 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into 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.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to provide current levels of mortality.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	3.08%
Fixed Income	33.50%	54.00%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Total	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Nominal Return		7.19%

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the Police System's actuary. Based on those assumptions, the Police System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.95%, 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 (5.95%) or one percentage point higher (7.95%) than the current rate:

	1.0% Decrease (5.95%)	Current Discount Rate (6.95%)	1.0% Increase (7.95%)
City's Proportionate Share of the Net Pension Liability	\$ 4,630,282	\$ 3,295,824	\$ 2,180,273

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Police System's financial report.

Payables to the Pension Plan

As of June 30, 2021, the City owed approximately \$35,000 to the Police System for the City's June 2021 payroll.

Note 9. Compensated Absences

At June 30, 2021, employees of the City have accumulated and vested \$160,756 of employee leave benefits. Of this amount, \$152,081 is recorded as an obligation of the General Fund and \$8,675 is recorded in the Enterprise Funds. These amounts were included in accrued liabilities on the accompanying financial statements.

Note 10. Capital Lease

The City entered into a lease agreement for six new police vehicles with an original balance of \$231,587 dated October 9, 2018. The lease is due in 12 quarterly installments of \$20,680 through June 2021, at a stated interest rate of 5.04%.

The following is a summary of the changes in the capital lease payable for the year ended June 30, 2021:

	Lease Payable		Lease Payable	
	June 30, 2020	Increase	Decrease	June 30, 2021
Capital Lease - Vehicles	\$ 80,177	\$ -	\$ 80,177	\$ -

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 10. Capital Lease (Continued)

The total cost of the assets recorded under capital lease was \$231,857, with accumulated depreciation of \$127,521 at June 30, 2021. Amortization expense of the leased assets for the year ended June 30, 2021 was \$46,371, and has been included in depreciation expense.

Note 11. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. All interfund receivables/payables are considered short-term, and are expected to be repaid within the next year. Individual fund balances due from/to other funds at June 30, 2021 were as follows:

Fund	Account	Due From	Due To
General Fund	Due to Firemen Pay Millage Fund	\$ -	\$ 16,838
General Fund	Due to Policemen Pay Millage Fund	-	50,499
General Fund	Due to Equipment Millage Fund	-	16,838
General Fund	Due from Sewer Fund	21,644	-
General Fund	Due from Water Fund	106,773	-
Firemen Pay Millage Fund	Due from General Fund	16,838	-
Policemen Pay Millage Fund	Due from General Fund	50,499	-
Equipment Millage Fund	Due from General Fund	16,838	-
Sewer Enterprise Fund	Due to General Fund	-	21,644
Water Enterprise Fund	Due to General Fund	-	106,773
Total All Funds		\$ 212,592	\$ 212,592

Note 12. Interfund Transfers

Operating transfers between funds consist primarily of sales tax and property tax revenues transferred out of the special revenue funds to the particular funds for which the sales tax and property tax revenues are to be used. The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 2021:

Fund	Account	Transfers In	Transfers Out
General Fund	Transfer from 1965 Sales Tax Fund	\$ 2,490,000	\$ -
General Fund	Transfer from Firemen Pay Millage Fund	110,900	-
General Fund	Transfer from Policemen Pay Millage Fund	332,800	-
General Fund	Transfer from Equipment Millage Fund	-	-
General Fund	Transfer to Water Enterprise Fund	-	400,000
1965 Sales Tax Fund	Transfer to General Fund	-	2,490,000
Firemen Pay Millage Fund	Transfer to General Fund	-	110,900
Policeman Pay Millage Fund	Transfer to General Fund	-	332,800
Equipment Millage Fund	Transfer to General Fund	-	-
Water Enterprise Fund	Transfer from General Fund	400,000	-
Total All Funds		\$ 3,333,700	\$ 3,333,700

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 13. Reserved, Restricted, and Nonspendable Fund Balances/Net Position

The balances of the reserved, restricted, and nonspendable fund balances/net position accounts of the City as of June 30, 2021 were as follows:

Nonspendable for Endowment Principal - Permanent Fund	\$	58,519
Restricted for Mausoleum		29,785
Restricted for Dedicated Sales Tax Usage		3,150,661
Restricted for Firemen Pay		22,822
Restricted for Policemen Pay		73,113
Restricted for Safety Equipment		<u>225,944</u>
Total	\$	<u>3,560,844</u>

Note 14. Ad Valorem Taxes

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

The Tangipahoa Parish Assessor is required to reappraise all property subject to taxation at intervals of not more than four years. The City bills and collects its own property taxes using the assessed values determined by the Tangipahoa Parish Assessor, as follows:

Levy Date	July 13, 2020
Millage Rates Adopted	July 13, 2020
Tax Bills Mailed	November 20, 2020
Due Date	December 31, 2020
Lien Date	January 1, 2021

State law requires the City to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1st of the following year.

If taxes are not paid by the due date, taxes bear interest at the rate of 1% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Tangipahoa Parish Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. Therefore, there are no delinquent taxes at year-end.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 14. Ad Valorem Taxes (Continued)

All property taxes are recorded in governmental funds and recognized as revenues in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experience, will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll.

All of the net taxes receivable at the end of the year are considered available. Available means due or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected by the tax collector within 60 days subsequent to year-end and are, therefore, available to liquidate liabilities of the current period.

For the year ended June 30, 2021, taxes of 16.52 mills were levied on property with taxable assessed valuations totaling \$62,021,762 and were dedicated as follows:

	Authorized Millage	Levied Millage	Levied Taxes	Expiration Date
General Fund	6.52	6.52	\$ 426,475	-
Policemen Pay Millage Fund	6.00	6.00	356,089	2029
Firemen Pay Millage Fund	2.00	2.00	118,663	2029
Equipment Millage Fund	2.00	2.00	118,663	2029
Total	16.52	16.52	\$ 1,019,890	

Levied taxes differ from the taxes collected because of the collection of interest and prior year taxes, as well as the existence of current year levied taxes that were not collected as of the end of the fiscal year.

Note 15. On-Behalf Payments for Salaries and Benefits

During 1998, the City implemented GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, which requires the City to report in the financial statements on-behalf salary and fringe benefit payments made by the State to certain city employees.

Supplemental salary payments are made by the State directly to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For fiscal year 2021, the State paid supplemental salaries to the fire and police employees of the City. The City is required to pay from its own budget the payroll taxes and retirement contributions for these on-behalf payments.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 15. On-Behalf Payments for Salaries and Benefits (Continued)

On-behalf payments recorded as revenues and expenditures in the financial statements were \$52,154 for firemen supplemental pay and \$139,354 for policemen supplemental pay, for a total supplemental pay amount of \$191,504 for the year ended June 30, 2021.

Note 16. Risk Management and Uncertainties

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 June 30, 2021, the City carried insurance through various commercial carriers to cover all risks of loss. The City had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates.

It is unknown how long these and any other adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the City.

Note 17. Excess Expenditures over Appropriations

During the year ended June 30, 2021, the 1965 Sales Tax Fund actual expenditures of \$20,837 exceeded the budgeted expenditures of \$20,600, resulting in an unfavorable variance of \$237.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF PONCHATOULA, LOUISIANA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Revenues				
Taxes				
Sales Taxes	\$ 2,630,200	\$ 3,186,300	\$ 3,266,836	\$ 80,536
Property Taxes	386,000	406,200	426,475	20,275
Intergovernmental Revenue	473,900	1,810,800	1,183,076	(627,724)
Licenses and Permits	624,300	600,600	536,663	(63,937)
Sanitation Service Fees	630,500	673,200	673,890	690
Franchise Fees	283,600	297,100	300,767	3,667
Fines and Forfeitures	232,600	301,300	166,812	(134,488)
Other Revenues	237,960	317,400	362,973	45,573
Interest Income	25,000	4,500	595	(3,905)
Total Revenues	5,524,060	7,597,400	6,918,087	(679,313)
Expenditures				
Current				
General Government	1,687,460	1,481,862	1,536,006	(54,144)
Public Safety	4,458,150	4,303,050	4,213,941	89,109
Public Works	3,396,360	2,531,397	2,229,089	302,308
Cemetery	36,900	38,200	37,792	408
Culture and Recreation	430,300	338,680	303,662	35,018
Community Development	219,740	104,700	76,733	27,967
Public Transportation	36,000	34,200	34,225	(25)
Miscellaneous Programs	17,300	9,300	31,682	(22,382)
Debt Service	-	-	82,718	(82,718)
Total Expenditures	10,282,210	8,841,389	8,545,848	295,541
Excess (Deficiency) of Revenues Over Expenditures	(4,758,150)	(1,243,989)	(1,627,761)	(383,772)
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	4,300	10,000	9,960	(40)
Transfers In	2,933,700	2,933,700	2,933,700	-
Transfers Out	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	2,538,000	2,543,700	2,543,660	(40)
Net Change in Fund Balance	(2,220,150)	1,299,711	915,899	(383,812)
Fund Balance, Beginning of Year	3,182,658	3,182,658	3,182,658	-
Fund Balance, End of Year	\$ 962,508	\$ 4,482,369	\$ 4,098,557	\$ (383,812)

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
1965 Sales Tax Fund
For the Year Ended June 30, 2021

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Revenues				
Sales Tax	\$ 2,610,000	\$ 3,186,300	\$ 3,266,836	\$ 80,536
Interest Income	30,000	3,200	1,143	(2,057)
Total Revenues	2,640,000	3,189,500	3,267,979	78,479
Expenditures				
General Government Collection Fees	17,400	20,600	20,837	(237)
Total Expenditures	17,400	20,600	20,837	(237)
Excess of Revenues Over Expenditures	2,622,600	3,168,900	3,247,142	78,242
Other Financing Sources (Uses)				
Transfers Out	(2,490,000)	(2,490,000)	(2,490,000)	-
Total Other Financing Sources (Uses)	(2,490,000)	(2,490,000)	(2,490,000)	-
Net Change in Fund Balance	132,600	678,900	757,142	78,242
Fund Balance, Beginning of Year	2,393,519	2,393,519	2,393,519	-
Fund Balance, End of Year	\$ 2,526,119	\$ 3,072,419	\$ 3,150,661	\$ 78,242

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Proportionate Share
of the Net Pension Liability
For the Year Ended June 30, 2021

Schedule 3

Municipal Employees' Retirement System of Louisiana

Fiscal Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability*	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	1.694661%	\$ 1,535,745	\$ 1,304,726	117.71%	66.26%
2020	1.625329%	\$ 1,421,859	\$ 1,244,063	114.29%	66.14%
2019	1.536406%	\$ 1,299,541	\$ 1,142,050	113.79%	63.94%
2018	1.297115%	\$ 1,122,306	\$ 967,655	115.98%	63.49%
2017	1.268504%	\$ 1,051,474	\$ 932,186	112.80%	63.34%
2016	1.280015%	\$ 869,958	\$ 887,215	98.05%	68.71%
2015	1.291998%	\$ 606,588	\$ 871,855	69.57%	76.94%
2014	1.300365%	\$ 714,496	\$ 851,264	83.93%	71.92%

Firefighters' Retirement System of Louisiana

Fiscal Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability*	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.234391%	\$ 1,624,693	\$ 589,041	275.82%	72.61%
2020	0.227903%	\$ 1,427,108	\$ 550,812	259.09%	73.96%
2019	0.190894%	\$ 1,098,037	\$ 454,488	241.60%	74.76%
2018	0.164076%	\$ 940,459	\$ 383,093	245.49%	73.54%
2017	0.135357%	\$ 885,357	\$ 305,199	290.09%	68.16%
2016	0.121260%	\$ 654,454	\$ 257,701	253.96%	72.45%
2015	0.127494%	\$ 567,337	\$ 258,987	219.06%	76.02%
2014	0.130333%	\$ 676,062	\$ 258,951	261.08%	70.73%

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Proportionate Share
of the Net Pension Liability (Continued)
For the Year Ended June 30, 2021

Schedule 3

Municipal Police Employees' Retirement System of Louisiana

Fiscal Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability*	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.356601%	\$ 3,295,824	\$ 1,105,498	298.13%	70.95%
2020	0.336225%	\$ 3,053,486	\$ 1,079,414	282.88%	71.01%
2019	0.380091%	\$ 3,213,313	\$ 1,123,062	286.12%	71.89%
2018	0.361881%	\$ 3,159,374	\$ 1,080,330	292.45%	70.08%
2017	0.370674%	\$ 3,474,260	\$ 1,039,600	334.19%	66.04%
2016	0.353333%	\$ 2,767,995	\$ 945,142	292.87%	70.73%
2015	0.337356%	\$ 2,110,527	\$ 868,489	243.01%	75.10%
2014	0.313688%	\$ 2,505,875	\$ 866,091	289.33%	66.71%

* The measurement date of the proportionate share of the net pension liability is one year in arrears.

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

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Contributions to Defined
Benefit Pension Plans
For the Year Ended June 30, 2021

Schedule 4

Municipal Employees' Retirement System of Louisiana

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 185,974	\$ (185,974)	\$ -	\$ 1,386,633	13.41%
2020	\$ 182,663	\$ (182,663)	\$ -	\$ 1,304,726	14.00%
2019	\$ 173,812	\$ (173,812)	\$ -	\$ 1,244,063	13.97%
2018	\$ 149,191	\$ (149,191)	\$ -	\$ 1,142,050	13.06%
2017	\$ 106,442	\$ (106,442)	\$ -	\$ 967,655	11.00%
2016	\$ 88,558	\$ (88,558)	\$ -	\$ 932,186	9.50%
2015	\$ 84,371	\$ (84,371)	\$ -	\$ 887,215	9.51%
2014	\$ 76,286	\$ (76,286)	\$ -	\$ 871,855	8.75%

Firefighters' Retirement System of Louisiana

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 162,364	\$ (162,364)	\$ -	\$ 547,647	29.65%
2020	\$ 163,459	\$ (163,459)	\$ -	\$ 589,041	27.75%
2019	\$ 145,965	\$ (145,965)	\$ -	\$ 550,812	26.50%
2018	\$ 120,263	\$ (120,263)	\$ -	\$ 454,488	26.46%
2017	\$ 96,731	\$ (96,731)	\$ -	\$ 383,093	25.25%
2016	\$ 83,167	\$ (83,167)	\$ -	\$ 305,199	27.25%
2015	\$ 75,377	\$ (75,377)	\$ -	\$ 257,701	29.25%
2014	\$ 73,164	\$ (73,164)	\$ -	\$ 258,987	28.25%

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Contributions to Defined
Benefit Pension Plans (Continued)
For the Year Ended June 30, 2021

Schedule 4

Municipal Police Employees' Retirement System of Louisiana

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	City's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2021	\$ 358,796	\$ (358,796)	\$ -	\$ 1,127,555	31.82%
2020	\$ 358,779	\$ (358,779)	\$ -	\$ 1,105,498	32.45%
2019	\$ 346,753	\$ (346,753)	\$ -	\$ 1,079,414	32.12%
2018	\$ 346,046	\$ (346,046)	\$ -	\$ 1,123,062	30.81%
2017	\$ 343,005	\$ (343,005)	\$ -	\$ 1,080,330	31.75%
2016	\$ 306,682	\$ (306,682)	\$ -	\$ 1,039,600	29.50%
2015	\$ 297,719	\$ (297,719)	\$ -	\$ 945,142	31.50%
2014	\$ 269,748	\$ (269,748)	\$ -	\$ 868,489	31.06%

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PONCHATOULA, LOUISIANA
 Non-Major Governmental Funds
 Combining Balance Sheet
 June 30, 2021

Schedule 5

	Special Revenue Funds				Permanent Fund	Total Non-Major Funds
	Mausoleum Trust Fund	Firemen Pay Millage Fund	Policemen Pay Millage Fund	Equipment Millage Fund	Cemetery Endowment Fund	
Assets						
Cash and Cash Equivalents	\$ 70	\$ 5,984	\$ 22,614	\$ 209,106	\$ 15,960	\$ 253,734
Investments	29,715	-	-	-	42,559	72,274
Due from Other Funds	-	16,838	50,499	16,838	-	84,175
Total Assets	\$ 29,785	\$ 22,822	\$ 73,113	\$ 225,944	\$ 58,519	\$ 410,183
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	58,519	58,519
Restricted	29,785	22,822	73,113	225,944	-	351,664
Total Fund Balances	29,785	22,822	73,113	225,944	58,519	410,183
Total Liabilities and Fund Balances	\$ 29,785	\$ 22,822	\$ 73,113	\$ 225,944	\$ 58,519	\$ 410,183

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2021

Schedule 6

	Special Revenue Funds				Permanent	Total
	Mausoleum Trust Fund	Firemen Pay Millage Fund	Policemen Pay Millage Fund	Equipment Millage Fund	Cemetery Endowment Fund	
Revenues						
Property Taxes	\$ -	\$ 118,663	\$ 356,089	\$ 118,663	\$ -	\$ 593,415
Interest Income	30	14	54	379	71	548
Total Revenues	30	118,677	356,143	119,042	71	593,963
Expenditures						
Public Safety	-	-	-	108,553	-	108,553
Total Expenditures	-	-	-	108,553	-	108,553
Excess (Deficiency) of Revenues Over Expenditures	30	118,677	356,143	10,489	71	485,410
Other Financing Sources (Uses)						
Transfers Out	-	(110,900)	(332,800)	-	-	(443,700)
Total Other Financing Sources (Uses)	-	(110,900)	(332,800)	-	-	(443,700)
Net Change in Fund Balances	30	7,777	23,343	10,489	71	41,710
Fund Balances, Beginning of Year	29,755	15,045	49,770	215,455	58,448	368,473
Fund Balances, End of Year	\$ 29,785	\$ 22,822	\$ 73,113	\$ 225,944	\$ 58,519	\$ 410,183

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Compensation of Paid Elected Officials
For the Year Ended June 30, 2021

Schedule 7

Name and Title	Address	Term of Office	Amount
Robert F. Zabbia Mayor	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2020 - June 30, 2024	\$ 99,526 *
Bry Layrisson Chief of Police	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2020 - June 30, 2024	118,133 *
Melissa Gueldner City Council, District A	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2020 - June 30, 2024	9,600
Roslind M. Batiste City Council, District B	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2020 - June 30, 2024	9,600
City Council, District C	125 W. Hickory Street Ponchatoula, LA 70454 (985) 386-6484	July 1, 2020 - June 30, 2024	9,600
Melvin R. Toomer City Council, District D	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2020 - June 30, 2024	9,600
Vergil J. Sandifer City Council, District E	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2020 - June 30, 2024	9,600
Total			<u><u>\$ 265,659</u></u>

* Including benefits, vehicle allowance, and cell phone allowance.

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2021

Schedule 8

Agency Head

Honorable Robert F. Zabbia, Mayor

Purpose	Amount
Salary	\$69,643
Benefits - Insurance	\$659
Benefits - Retirement	\$10,568
Deferred Compensation	\$0
Benefits - Other	\$5,936
Car Allowance	\$10,800
Vehicle Provided by Government	\$0
Vehicle Rental	\$0
Cell Phone	\$1,200
Longevity	\$720
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Other	\$0
Total	\$99,526

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Chief of Police
For the Year Ended June 30, 2021

Schedule 9

Bry Layrrison, Chief of Police

Purpose	Amount
Salary	\$64,030
Benefits - Insurance	\$11,240
Benefits - Retirement	\$23,615
Benefits - Other	\$6,588
Benefits - Other - Supplemental Pay	\$0
Car Allowance	\$10,800
Vehicle Provided by Government	\$0
Vehicle Rental	\$0
Cell Phone	\$1,200
Longevity	\$660
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Other	\$0
Total	\$118,133

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
General Fund
Cash Basis Presentation
For the Six-Month Periods Ended December 31, 2020 and June 30, 2021

Schedule 10

	First Six- Month Period Ended 12/31/2020	Second Six- Month Period Ended 6/30/2021
Beginning Balance of Amounts Collected	\$ 2,631	\$ -
Add: Collections		
Criminal Court Costs/Fees	18,842	20,075
Criminal Fines - Other	94,401	87,852
Subtotal Collections	<u>113,243</u>	<u>107,927</u>
Less: Disbursements to Governments and Nonprofits:		
Louisiana Department of Health - Traumatic Head and Spinal Cord	255	195
Louisiana Supreme Court - Louisiana Judicial College	189	168
Louisiana Commission on Law Enforcement - Crime Victims Reparation	420	359
Louisiana Commission on Law Enforcement - Post Law Enforcement	772	676
Treasurer, State of Louisiana - CMS	1,167	1,037
Florida Parishes Juvenile Justice Commission	1,962	1,730
Crimestoppers	792	691
21 st Indigent Defender	13,261	11,672
Louisiana Association of Chief of Police	68	38
Tangipahoa Parish - Coroner's Operation Fund	560	471
Less: Amounts Retained by Collecting Agency		
City of Ponchatoula - Criminal Court Costs/Fees	16	14
City of Ponchatoula - Criminal Fines	94,401	87,852
Less: Disbursements to Individuals/Third-Party Collection or Processing Agencies		
Apperance Bonds	1,773	2,231
Other Disbursements to Individuals	238	793
Subtotal Disbursements/Retainage	<u>115,874</u>	<u>107,927</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>
Other Information		
Ending Balance of Total Amounts Assessed but not yet Collected	\$ -	\$ -
Total Waivers during the Fiscal Period	\$ -	\$ -

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Schedule 11

Federal Grantor/Pass-Through Entity/ Program Title	Assistance Listing Number	Pass Through/ Grantor Number	Total
U.S. Department of Housing and Urban Development			
Pass-Through Awards:			
State of Louisiana - Office of Community Development Community Development Block Grant	14.228	# B-18-DC-22-0001	\$ 49,113
Total U.S. Department of Housing and Urban Development			<u>49,113</u>
U.S. Department of Justice			
Pass-Through Awards:			
State of Louisiana - Louisiana Commission on Law Enforcement Coronavirus Emergency Supplemental Funding - COVID 19	16.034	CESF 2020 #5485	83,523
Total U.S. Department of Justice			<u>83,523</u>
U.S. Department of Treasury			
Pass-Through Awards:			
State of Louisiana - Office of Community Development Coronavirus Relief Fund - COVID 19	21.019	1900628383	1,040,842
Total U.S. Department of Treasury			<u>1,040,842</u>
Total Expenditures of Federal Awards			<u>\$ 1,173,478</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of the City of Ponchatoula, Louisiana, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

The City of Ponchatoula, Louisiana, has elected to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance, where applicable.

See independent auditor's report.

OTHER REPORTS

**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**

Independent Auditor's Report

To the Honorable Robert F. Zabbia, Mayor
and the Members of the City Council
City of Ponchatoula, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ponchatoula, Louisiana'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ponchatoula, Louisiana'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
December 7, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Honorable Robert F. Zabbia, Mayor
and the Members of the City Council
City of Ponchatoula, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the City's federal program.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
December 7, 2021

CITY OF PONCHATOULA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

A. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|---------------|
| 4. Internal control over financial reporting | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 5. Type of auditor's report issued on compliance for major program | Unmodified |
| 6. Audit findings disclosure that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7. Identification of major program | |
| 21.019 - Coronavirus Relief Fund | |
| 8. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

B. Financial Statement Findings

None.

C. Findings and Questioned Costs Related to Major Federal Award Program

None.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

None.