

CITY OF BOGALUSA, LOUISIANA

*Primary Government Basic Financial
Statements, Independent Auditor's Reports, and
Supplemental Information*

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

I 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 Bogalusa Louisiana (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Aggregate Discretely Presented Component Units

In my opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of my report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City, as of December 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and Aggregate Remaining Fund Information

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units:

The financial statements do not include financial data for the City's legally separate component units as described in Note 1 to the financial statements. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component units on the aggregate discretely presented component units has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, I

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

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

Emphasis of a Matter

As described in Note 14 to the financial statements, the City's total net pension liability for governmental and business-type activities was approximately \$16.4 million at December 31, 2021, as determined by each of the four pension plans in which the City participates of which \$11.0 million of this net liability is from the City of Bogalusa Employee's Retirement System. This System is 42.35% funded, which warrants the City to continue to evaluate how to provide additional funding. Additionally, the related actuarial valuations that determined the net pension liabilities were performed by each of the pension systems' actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at December 31, 2021, could be under or overstated. My opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the Proportionate Share of the Net Pension Liability for the Retirement Systems, the Schedule of Employers' Contributions to each Retirement System, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Single Employer Plan Contributions, the Budgetary Comparison Schedules, and the related notes to the required supplementary information, as listed in the table of contents, 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.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bogalusa's basic financial statements as a whole. The combining, non-major fund financial statements, the Schedule of Compensation, Benefits and Other Payments to the Agency Head (compensation schedule), the Justice System Funding Schedule – Collecting / Disbursing Entity, and the Justice System Funding Schedule – Receiving Entity, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining, non-major fund financial statements, the Schedule of Compensation, Benefits and Other Payments to the Agency Head (compensation schedule), the Justice System Funding Schedule – Collecting / Disbursing Entity, and the Justice System Funding Schedule – Receiving Entity, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The information required by debt agreements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Management is responsible for the other information included in the annual report. The other information comprises the information required by debt agreements but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2022, on my consideration of the City of Bogalusa, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bogalusa, Louisiana
June 30, 2022

**CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

The Management Discussion and Analysis (MD&A) offers the readers of the City of Bogalusa's financial statements a narrative overview of the financial activities of the City of Bogalusa for the fiscal year ended December 31, 2021 and 2020. The City's financial performance is discussed and analyzed in correlation with the accompanying statements and disclosures following this section.

The reader is urged to continue reading past the MD&A and review other important sections of this financial report, including the financial statement notes, Required Supplemental Information (RSI), supplementary information and other information.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bogalusa exceeded its liabilities, deferred outflows and deferred inflows at the close of 2021 by \$25.37 million (total net position). Unrestricted net position is in a deficit position of \$19.27 million. This deficit position is the result of the City's non-capital related liabilities exceeding unrestricted assets. A major contributing factor to this unfavorable financial position is the balance of the City's net pension liabilities on the City's participation in various pension plans. Two accounting standards, GASB 68 and GASB 71, require the proportionate share of the net pension liability for each cost sharing plan and the total City of Bogalusa Employees' Retirement System's (COBERS) net pension liability to be recorded on the City's financials. The total of this liability at December 31, 2021 is \$16.44 million.
- During the year, expenses for governmental activities amounted to \$13.19 million. These expenses were paid from revenues of approximately \$16.77 million, consisting of \$11.32 million generated from taxes, \$.64 million generated from other revenues for governmental programs, \$2.90 million generated from charges for services and grants and contributions, and \$1.87 million generated from transfers from business-type activities.
- In the City's business-type activities, expenses amounted to approximately \$4.12 million and transfers out to governmental activities were \$1.87 million. These expenses were paid from revenues of \$4.32 million for service charges and grants and contributions, and \$1.31 million for tax revenues and 0.04 million in miscellaneous income.
- At the close of the fiscal year, the City of Bogalusa's governmental funds reported combined ending fund balances of \$4.17 million, a decrease of approximately \$.87 million. This combined fund balance is largely attributable to amounts received from Coronavirus Relief Funds in the prior year and other federal and dedicated tax funds. Most of these governmental fund balances, except that for the general fund, are restricted as to their use. Business-type funds reported \$11.80 million in total net position (largely including capital assets which are non-spendable) for the close of the fiscal year, or a decrease of approximately \$.32 million.
- The general fund reported a fund balance of \$2,552,491 as of the end of the fiscal year. This is a decrease of \$88,055 over the prior year fund balance of \$2,640,546. The decrease in fund balance was due to a decrease in revenue and other sources of \$1,615,274 and by an increase in expenditures and other uses of \$745,901 which nets to a decrease in change in fund balance of \$2,361,175. The net decrease was mainly due to the City receiving \$2,706,975 in federal grants from the Coronavirus Relief Fund that was recognized in the general fund in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, a section that presents combining statements for non-major governmental funds, and a section that presents schedules required by state laws or debt requirements. The basic financial statements include two kinds of statements that present different views of the City:

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

Government-wide Statements

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. The difference between the assets, deferred outflows, liabilities, and deferred inflows is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to 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).

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Governmental funds are used to account for the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as balances of available resources that can be used to meet the City's ongoing obligations at the close of the year. Such information may be useful in evaluating the City's near-term financing requirements.

The City uses sixteen *governmental funds*. There are three major governmental funds, which have separately presented information in the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The major funds are the General Fund, American Rescue Plan Grant Fund, and the Airport Expansion Capital Projects Fund. The thirteen non-major funds are presented in the aggregate in the governmental fund financial statements. Individual fund financial information is presented in the combining statements found in the Supplemental Information.

The City has one *proprietary type fund*. Proprietary type funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's proprietary type fund is considered to be an enterprise fund, since the costs of activities are paid for by the customer user fees. The enterprise fund accounts for its Utilities System operations, which provides water, sewer, and garbage collection services.

Fiduciary type fund statements provide financial information on funds for which the City acts as a trustee or agent for the benefit of others, such as the City of Bogalusa Employees' Retirement System.

Required Supplementary Information, Supplementary Information, and Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information (Budgetary Comparison Schedules, and the Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios, Employee Contributions for the City of Bogalusa Employees' Retirement System and other schedules for Statewide cost sharing pension plans and OPEB), as well as other supplemental information presented in the form of combining statements of individual fund financial information, detailed Budgetary Comparison Schedules for the major funds, the Compensation Schedule, and the Justice System Funding Schedules, along with information required by debt agreements including Schedule of Insurance In-force and Public Utility System Operations, and the Schedule of Expenditures of Federal Awards.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City reported combined net position at the end of fiscal year 2021 in the amount of \$25,370,419, an increase of \$3,261,964 when compared to the 2020 net position of \$22,108,455. The schedule of net position below indicates net position for both governmental activities and business-type activities, and combines them into total primary government columns.

	Schedule of Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 9.14	\$ 6.98	\$ 1.20	\$ 1.61	\$ 10.34	\$ 8.59
Capital assets	28.97	28.65	15.96	16.73	44.93	45.38
Total assets	38.11	35.63	17.16	18.34	55.27	53.97
Deferred outflows of resources	2.67	5.47	0.05	0.13	2.72	5.60
Long-term liabilities	16.47	23.66	4.19	5.01	20.66	28.67
Other liabilities	4.89	1.92	0.72	0.38	5.61	2.30
Total liabilities	21.36	25.58	4.91	5.39	26.27	30.97
Deferred inflows of resources	5.85	5.53	0.50	0.96	6.35	6.49
Net position						
Net investment in capital assets	28.75	29.52	13.89	14.45	42.64	43.97
Restricted	1.65	3.73	0.36	0.41	2.01	4.14
Unrestricted	(16.83)	(23.26)	(2.45)	(2.74)	(19.28)	(26.00)
Total net position	\$ 13.57	\$ 9.99	\$ 11.80	\$ 12.12	\$ 25.37	\$ 22.11

The largest portion of the City of Bogalusa's net position (168%) reflects net investment in capital assets (e.g. land, buildings, improvements, streets, bridges, equipment, vehicles, utility systems, and furniture and fixtures), less any related debt or deferred inflows used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending. It should be noted that the resources needed to repay the 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 of Bogalusa's net position, (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, (-76%) represents a deficit that is a result of pension system debt and other liabilities exceeding assets available to pay those liabilities.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

Changes in net position

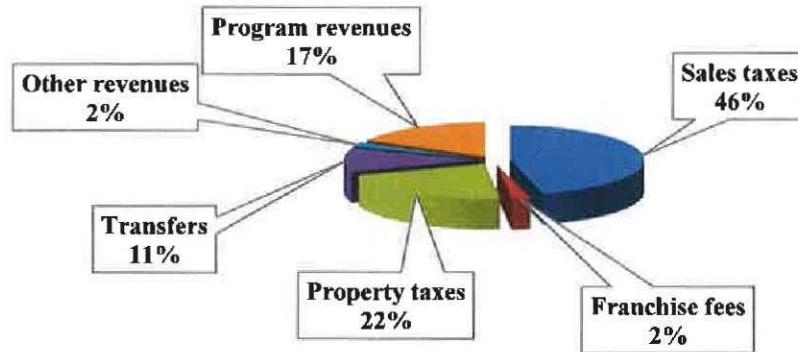
The City's total revenue and expenses for governmental and business-type activities are reflected in the following chart:

	Changes in Net Position (in Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 0.99	\$ 1.14	\$ 4.18	\$ 3.85	\$ 5.17	\$ 4.99
Oper. grants & contrib.	0.82	3.62	0.04	-	0.86	3.62
Capital grants & contrib.	1.09	1.17	0.10	-	1.19	1.17
General revenues:						
Property and other taxes	3.61	3.53	0.26	0.23	3.87	3.76
Sales taxes	7.71	7.15	1.05	0.98	8.76	8.13
Franchise fees	0.38	0.33	-	-	0.38	0.33
Unrestricted interest	-	-	0.02	0.02	0.02	0.02
Miscellaneous	0.26	0.16	0.02	0.12	0.28	0.28
Gain (loss) on sale of assets	0.04	-	-	-	0.04	-
Transfers	1.87	0.09	(1.87)	(0.09)	-	-
Total revenues	16.77	17.19	3.80	5.11	20.57	22.30
Expenses:						
General government	2.16	1.30	-	-	2.16	1.30
Public safety	6.32	7.00	-	-	6.32	7.00
Public works	2.88	2.61	-	-	2.88	2.61
Landfill	0.30	0.29	-	-	0.30	0.29
Culture & recreation	0.40	0.34	-	-	0.40	0.34
Economic development	0.61	0.58	-	-	0.61	0.58
Airport	0.51	0.62	-	-	0.51	0.62
Interest and costs on long term debt	0.01	0.03	-	-	0.01	0.03
Water, sewer, & garbage	-	-	4.12	3.60	4.12	3.60
Total expenses	\$ 13.19	\$ 12.77	\$ 4.12	\$ 3.60	\$ 17.31	\$ 16.37
Change in net position	3.58	4.42	(0.32)	1.51	3.26	5.93
Net position, beginning	9.99	5.57	12.12	10.61	22.11	16.18
Net position, ending	\$ 13.57	\$ 9.99	\$ 11.80	\$ 12.12	\$ 25.37	\$ 22.11

The City's net position within its governmental activities increased by \$3,579,508 because of revenues exceeding expenses for the year. Governmental revenue (including transfers) decreased by \$413,485 as a result of a decrease in grants and contributions. The City's grants and contributions decreased by approximately \$2,883,000 in governmental activities due to the City receiving the coronavirus relief funds in the prior year. Expenses in the governmental activities increased by \$424,508, primarily as a result of the net pension expense. The City's ending net position within its business-type activities decreased by \$317,544. On a combined basis, the City's increase in net position, or net gain, was \$3,261,964.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

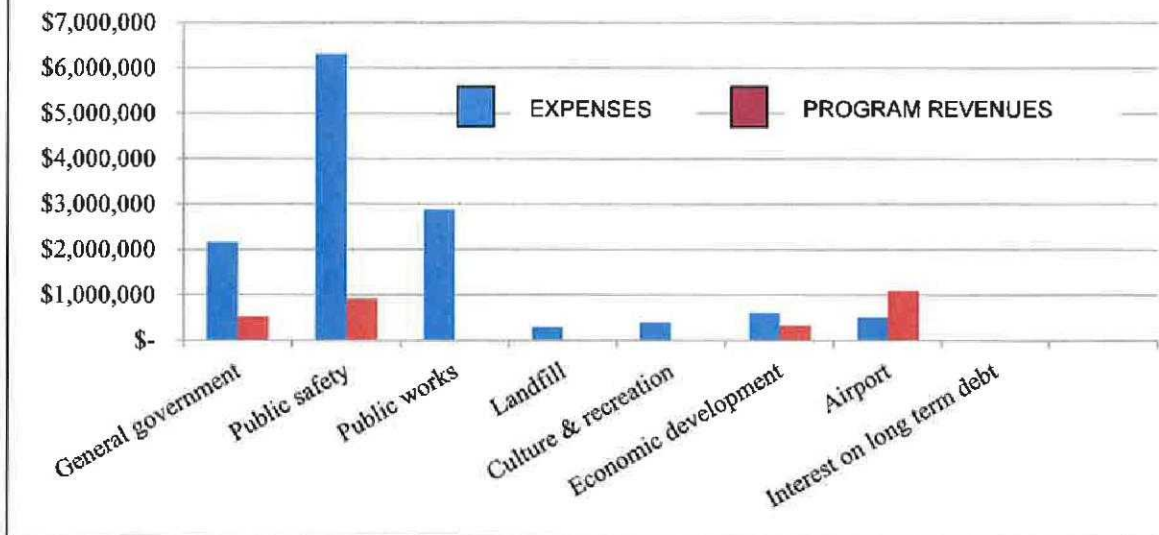
Revenues by Source - Governmental Activities



Revenues (including transfers in, net) for the City's governmental activities for the year ended December 31, 2021 were \$16,775,246. Sales tax and property tax revenues are the largest components of revenues (68%). Sales taxes represent approximately 52% of recurring government activity revenue, exclusive of transfers in, and totaled \$7,712,021 for 2021, an increase of 7.9% when compared to 2020.

The cost of all governmental activities in 2021 was \$13,195,738, compared to \$12,771,230 in 2020, an increase of 3.3% from the prior.

Expenses and Program Revenues - Governmental Activities

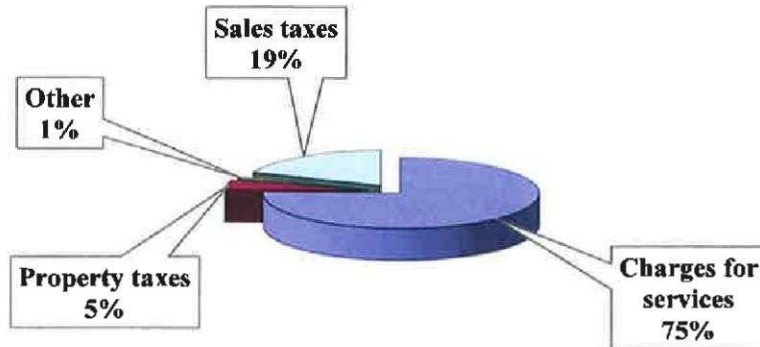


The graph above shows the City's eight primary governmental activities in 2021, as well as long-term debt interest, compared to program-generated revenues covering those expenses. General revenues, such as taxes, cover the remaining costs.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

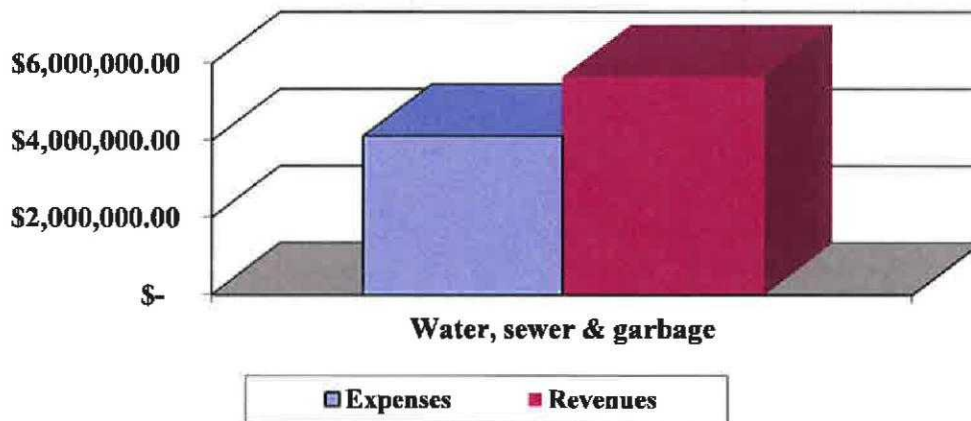
The following graph indicates business-type activities revenues by source:

Revenues by Source - Business-type Activities



Revenues for the City's business-type activities for the year ended December 31, 2021 were \$5,676,896. User fees are by far the largest source of revenue (75%) for the City's utility system and garbage collections. Sales tax revenue (19%) is largely dedicated to the payment of long-term debt incurred on the sewer system upgrade. The City's utility system business-type activities are related to water, sewer, and garbage collection activities.

Expenses and Revenues - Business-type Activities



The above graph reveals that the utility system fully supports itself. From the net revenues over expenses generated from the utility system, the City was able to net transfer \$1,873,014 from the business-type activities to subsidize the governmental activities.

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended December 31, 2021, the City reported combined fund balances in *governmental funds* of approximately \$4.12 million, a decrease of \$.87 million from 2020. The General Fund reported a fund balance of approximately \$2.55 million at December 31, 2021, which represents a decrease in the fund balance of approximately \$.88 million from 2020. The decrease in the fund is primarily due to the City receiving Coronavirus Relief Funds in 2020 that did not occur in 2021. The General Fund is the City's primary operating fund.

The City created the American Rescue Plan fund during 2021 to account for the receipt of one-half of the federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) of \$2,127,391. The City is expected to receive its remaining allocation during 2022 of approximately the same amount. Since the City did not incur eligible expenditures on the SLRF allocation during 2021, the amount received is recorded as unearned revenue. The City expects to spend these funds during 2022 and subsequent years. The fund balance of \$317 in the American Rescue Plan fund represents interest income earned in the fund during 2021.

The Proprietary Fund (the Utility System) reported a decrease in net position, resulting from expenses and transfers exceeding revenues by \$.32 million. This bottom-line net loss for the System included \$1.01 million of depreciation expense and net transfers out of \$1.87 million, and therefore, the utility system's net income before depreciation and transfers was \$2.56 million, a positive financial indicator.

General Fund Budgetary Highlights

During the fiscal year, the 2021 budget was revised to reflect an anticipated increase in revenues and an increase in expenditures. Actual results for 2021 showed revenues and other sources were more than the final budget by \$4,172. Actual expenditures and transfers out were \$68,628 less than budgeted.

The General Fund operated at a deficit (or net change in fund balance) of \$88,055 for 2021. When this deficit is subtracted from the fund balance of \$2,640,546 at the beginning of the year, the general fund balance at December 31, 2021 becomes \$2,552,491.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the City had invested \$44.94 million (net of depreciation) in a broad range of capital assets, including police, fire, and public works equipment, buildings, park facilities and road, sewer and water system infrastructures. The following table represents capital assets at December 31, 2021, at cost less accumulated depreciation:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<u>COST</u>						
Land	\$ 1,887,765	\$ 1,887,765	\$ -	\$ -	\$ 1,887,765	\$ 1,887,765
Buildings	22,425,685	22,405,255	10,599,387	10,468,398	33,025,072	32,873,653
Equipment	6,708,933	5,629,948	449,705	441,835	7,158,638	6,071,783
Infrastructure	32,375,162	32,375,162	14,392,821	14,297,394	46,767,983	46,672,556
Improvements	-	-	19,497,755	19,494,255	19,497,755	19,494,255
Other	1,233,103	146,611	-	-	1,233,103	146,611
	<u>\$64,630,648</u>	<u>\$62,444,741</u>	<u>\$ 44,939,668</u>	<u>\$44,701,882</u>	<u>\$ 109,570,316</u>	<u>\$ 107,146,623</u>

CITY OF BOGALUSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(UNAUDITED)

ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Buildings	\$ 13,598,926	\$ 13,068,737	\$ 8,784,493	\$ 8,678,926	\$ 22,383,419	\$ 21,747,663
Equipment	4,946,447	4,498,723	422,699	409,297	5,369,146	4,908,020
Infrastructure	17,113,435	16,223,977	11,519,248	11,195,832	28,632,683	27,419,809
Improvements	-	-	8,250,063	7,686,603	8,250,063	7,686,603
	<u>\$35,658,808</u>	<u>\$33,791,437</u>	<u>\$ 28,976,503</u>	<u>\$27,970,658</u>	<u>\$ 64,635,311</u>	<u>\$ 61,762,095</u>
Capital						
Assets, net	<u>\$28,971,840</u>	<u>\$28,653,304</u>	<u>\$ 15,963,165</u>	<u>\$16,731,224</u>	<u>\$ 44,935,005</u>	<u>\$ 45,384,528</u>

In *governmental activities* the City reported a \$318,536 increase in net capital assets when compared to 2020. The increase is due to capital cost of projects and equipment costs exceeding depreciation expense during 2021. *Business-type activities* of the City reported a net decrease of \$768,059 in net capital assets compared to 2021, as a result of depreciation expense exceeding capital additions.

Long-Term Debt

At the end of the fiscal year 2021, the City had \$ 16,466,123 in outstanding long-term debt and other long-term liabilities, including notes and bonds payable, net pension liability, other post-employment liability, claims payable and accrued vacation and sick leave for its governmental activities. The outstanding notes and bonds payable are backed by the full faith and credit of the City of Bogalusa.

The City had \$ 4,186,139 outstanding in revenue bonds, certificates of indebtedness, net pension liability, claims payable, and compensated absences payable, in its business-type activities. The revenue bonds are backed solely by the revenue streams dedicated to payment of those bonds.

The net pension liability decreased by \$7,269,495 bringing the total net pension liability to \$16,435,372 as a result of contributions to the four retirement systems in which the City participates. This liability remains the most significant obligation of the City.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While the economic outlook looks stable for the nation as a whole for 2021, older and rural communities such as the City of Bogalusa face enormous challenges due to an aging and declining population and a stagnant tax base. The Coronavirus Pandemic or COVID-19 and associated mitigation efforts to slow the virus spreading has resulted in uncertainty on revenue estimates. The City will also apply for available federal and state grants to assist with COVID-19 mitigation and recovery efforts.

In the midst of these challenges, the 2022 budget was prepared using reasonable estimates for revenues and anticipated expenditures. Sales taxes, the City's main revenue source, are expected to continue to increase. Expenditures are expected to decrease due to implementation of cost cutting measures in an attempt to improve the City's financial condition.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, grantors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions concerning this report or need additional financial information, contact Stacy Smith at the City of Bogalusa's Administrative offices, located in City Hall at 202 Arkansas Avenue, Bogalusa, LA 70427.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 6,374,037	\$ 345,264	\$ 6,719,301
Property taxes receivable	698,325	47,790	746,115
Accounts receivable (net)	1,999,195	508,076	2,507,271
Internal Balances	56,371	(56,371)	-
Inventory	12,514	-	12,514
Restricted assets:			
Cash and cash equivalents	-	358,666	358,666
Capital assets:			
Land and construction in progress	3,120,868	-	3,120,868
Depreciable capital assets, net	25,850,972	15,963,165	41,814,137
TOTAL ASSETS	38,112,282	17,166,590	55,278,872
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred pension contributions	1,327,751	46,060	1,373,811
Deferred amounts related to net pension liability	1,264,032	3,932	1,267,964
Deferred amounts related to post employment liability	73,841	-	73,841
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,665,624	49,992	2,715,616
<u>LIABILITIES:</u>			
Accounts payable	2,465,030	478,144	2,943,174
Accrued expenses	296,954	244,340	541,294
Unearned revenue	2,132,391	-	2,132,391
Long-term liabilities:			
Due within one year	341,000	207,000	548,000
Due beyond one year	1,268,131	2,000,402	3,268,533
Total other post-employment benefit (OPEB) liability			
Due within one year	19,540	-	19,540
Due beyond one year	380,817	-	380,817
Net pension liability	14,456,635	1,978,737	16,435,372
TOTAL LIABILITIES	21,360,498	4,908,623	26,269,121
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred amounts related to net pension liability	5,798,930	506,897	6,305,827
Deferred amounts related to total OPEB liability	49,121	-	49,121
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,848,051	506,897	6,354,948
<u>NET POSITION:</u>			
Net investment in capital assets	28,750,840	13,883,165	42,634,005
Restricted for:			
Debt service	163,189	358,666	521,855
Capital projects	530,088	-	530,088
Maintenance	171,402	-	171,402
Special programs	782,557	-	782,557
Unrestricted	(16,828,719)	(2,440,769)	(19,269,488)
TOTAL NET POSITION	\$ 13,569,357	\$ 11,801,062	\$ 25,370,419

The accompanying notes are an integral part of this statement.

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

	Primary Government					
	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Function/Programs	Expenses					
Primary Government						
Governmental:						
General government	\$ 2,163,300	\$ 489,566	\$ 44,540	\$ (1,629,194)	\$ -	\$ (1,629,194)
Public safety	6,316,449	151,664	773,462	(5,391,323)	-	(5,391,323)
Public works	2,880,174	-	-	(2,880,174)	-	(2,880,174)
Landfill	295,312	-	-	(295,312)	-	(295,312)
Culture and recreation	401,678	8,646	-	(393,032)	-	(393,032)
Economic development	612,012	339,020	-	(272,992)	-	(272,992)
Airport	513,945	-	1,092,700	578,755	-	578,755
Interest expense	12,868	-	-	(12,868)	-	(12,868)
Total governmental activities	13,195,738	988,896	1,910,702	(10,296,140)	-	(10,296,140)
Business-type:						
Enterprise - Utilities	4,121,426	4,182,141	138,994	-	199,709	199,709
Total business-type activities	4,121,426	4,182,141	138,994	-	199,709	199,709
Total primary government	\$ 17,317,164	\$ 5,171,037	\$ 2,049,696	\$ (10,296,140)	\$ 199,709	\$ (10,096,431)
General revenues:						
Property taxes				3,573,944	255,863	3,829,807
Sales taxes				7,712,021	1,052,636	8,764,657
Other taxes				37,489	-	37,489
Franchise fees				377,310	-	377,310
Interest income				2,011	17,550	19,561
Other				259,095	29,712	288,807
Gain (loss) on disposal of capital assets				40,764	-	40,764
Transfers (net)				1,873,014	(1,873,014)	-
Total general revenues				13,875,648	(517,253)	13,358,395
Change in net position				3,579,508	(317,544)	3,261,964
Net position, December 31, 2020				9,989,849	12,118,606	22,108,455
Net position, December 31, 2021				\$ 13,569,357	\$ 11,801,062	\$ 25,370,419

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF BOGALUSA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>American Rescue Plan Grant - Special Revenue Fund</u>	<u>Airport Expansion Capital Projects Fund</u>	<u>Other Non- Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 2,110,097	\$ 2,127,708	\$ 73	\$ 2,136,159	\$ 6,374,037
Property taxes receivable	490,238	-	-	208,087	698,325
Accounts receivable	424,840	-	1,146,055	428,300	1,999,195
Due from other funds	525,458	-	27,534	19,682	572,674
Inventory of supplies	12,514	-	-	-	12,514
TOTAL ASSETS	<u>3,563,147</u>	<u>2,127,708</u>	<u>1,173,662</u>	<u>2,792,228</u>	<u>9,656,745</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,563,147</u>	<u>\$ 2,127,708</u>	<u>\$ 1,173,662</u>	<u>\$ 2,792,228</u>	<u>\$ 9,656,745</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 618,108	\$ -	\$ 994,169	\$ 852,753	\$ 2,465,030
Accrued expenses	275,934	-	-	18,738	294,672
Due to other funds	27,584	-	179,493	309,226	516,303
Unearned revenue	-	2,127,391	-	5,000	2,132,391
TOTAL LIABILITIES	<u>921,626</u>	<u>2,127,391</u>	<u>1,173,662</u>	<u>1,185,717</u>	<u>5,408,396</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	89,030	-	-	42,351	131,381
<u>FUND BALANCES</u>					
<u>Non-spendable:</u>					
Inventory of supplies	12,514	-	-	-	12,514
<u>Restricted for:</u>					
Debt service	-	-	-	165,471	165,471
Capital projects	-	-	-	530,088	530,088
Maintenance	-	-	-	164,979	164,979
Special programs	36,267	317	-	703,622	740,206
<u>Committed:</u>					
Park	37,237	-	-	-	37,237
Police forfeitures	394	-	-	-	394
<u>Assigned:</u>					
Sitel	276,770	-	-	-	276,770
<u>Unassigned</u>					
	2,189,309	-	-	-	2,189,309
TOTAL FUND BALANCES (DEFICIT)	<u>2,552,491</u>	<u>317</u>	<u>-</u>	<u>1,564,160</u>	<u>4,116,968</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 3,563,147</u>	<u>\$ 2,127,708</u>	<u>\$ 1,173,662</u>	<u>\$ 2,792,228</u>	<u>\$ 9,656,745</u>

The accompanying notes are an integral part of this statement.

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

Fund balances December 31, 2021 - governmental funds		\$ 4,116,968
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at December 31, 2021	64,630,648	
Less: accumulated depreciation as of December 31, 2021	<u>(35,658,808)</u>	28,971,840
Property tax revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures:		131,381
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - deferred pension contributions	1,327,751	
Deferred outflows of resources - related to other postemployment benefit liability	73,841	
Deferred outflows of resources - related to net pension liability	<u>1,264,032</u>	2,665,624
Deferred inflows of resources - related to net pension liability	(5,798,930)	
Deferred inflows of resources - related to other post-employment benefits	<u>(49,121)</u>	(5,848,051)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental fund liabilities:		
Bonds payable		(155,000)
Certificate of Indebtedness payable		(66,000)
Accrued interest payable		(2,282)
Intergovernmental agreement with Washington Parish		(180,744)
Net pension liability payable		(14,456,635)
Compensated absences		(821,387)
Total other post-employment benefits (OPEB) liability		(400,357)
Claims and judgments payable		<u>(386,000)</u>
Total net position at December 31, 2021 - governmental activities		<u>\$ 13,569,357</u>

The accompanying notes are an integral part of this statement.

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

	General	American Rescue Plan Grant - Special Revenue Fund	Airport Expansion Capital Projects Fund	Other Non- Major Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 2,476,905	\$ -	\$ -	\$ 1,044,558	\$ 3,521,463
Sales taxes	3,487,107	-	-	4,224,914	7,712,021
Other taxes	37,489	-	-	-	37,489
Licenses and permits	394,248	-	-	-	394,248
Franchise fees	377,310	-	-	-	377,310
Intergovernmental	490,610	-	1,086,492	40,500	1,617,602
Charges for services	132,878	-	-	-	132,878
Fines	41,948	-	-	-	41,948
Interest	747	317	-	947	2,011
Rent	-	-	-	339,020	339,020
Miscellaneous	265,893	-	-	74,004	339,897
Total revenues	7,705,135	317	1,086,492	5,723,943	14,515,887
Expenditures:					
Current -					
General government	2,972,895	-	-	1,227,196	4,200,091
Public safety	5,952,788	-	-	866,753	6,819,541
Public works	1,676,199	-	-	886,129	2,562,328
Landfill	-	-	-	295,312	295,312
Culture and recreation	-	-	-	299,534	299,534
Economic development	-	-	-	259,941	259,941
Airport	96,783	-	-	-	96,783
Capital outlay	-	-	1,086,492	1,086,655	2,173,147
Intergovernmental	209,951	-	-	-	209,951
Debt Service -					
Capital lease payments	-	-	-	64,000	64,000
Principal	-	-	-	306,000	306,000
Bond interest	-	-	-	15,089	15,089
Total expenditures	10,908,616	-	1,086,492	5,306,609	17,301,717
Excess (deficiency) of revenues over (under) expenditures	(3,203,481)	317	-	417,334	(2,785,830)
Other financing sources (uses):					
Proceeds from disposal of capital assets	40,764	-	-	-	40,764
Transfers to other funds	(139,821)	-	-	(1,341,469)	(1,481,290)
Transfers from other funds	3,214,483	-	-	139,821	3,354,304
Total other financing sources (uses)	3,115,426	-	-	(1,201,648)	1,913,778
Net change in fund balance	(88,055)	317	-	(784,314)	(872,052)
Fund balance, beginning	2,640,546	-	-	2,348,474	4,989,020
Fund balance, ending	\$ 2,552,491	\$ 317	\$ -	\$ 1,564,160	\$ 4,116,968

The accompanying notes are an integral part of this statement

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

Net change in fund balances - governmental funds \$ (872,052)

The change in net position reported for governmental activities in the statement of activities is different because:

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 and reported as depreciation expense.

Capital outlay and other capitalized purchases, adjustments and reclassifications	2,185,907	
Depreciation expense, including adjustments and reclassifications	<u>(1,867,371)</u>	318,536

Change in deferral of revenues due to collection beyond 60 days		52,481
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums, discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond and certificate of indebtedness principal payments		214,000
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Other changes in long-term obligations:

Accrued interest payable	2,221	
Intergovernmental agreement with Washington Parish	156,000	
Change in net pension liability GASB 68 and related deferrals	3,534,100	
Compensated absences	167,053	
Change in total other post-employment benefit liability and related deferrals	7,169	
Pollution remediation liability claims paid	-	
Claims and judgments payable	<u>-</u>	<u>3,866,543</u>

Change in net position of governmental activities		<u>\$ 3,579,508</u>
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The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
DECEMBER 31, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 345,264
Property taxes receivable	47,790
Accounts receivable (net)	508,076
Due from other funds	-
Total current assets	<u>901,130</u>

Restricted assets

Cash and cash equivalents	358,666
Total restricted assets	<u>358,666</u>

Capital assets

Capital assets, cost	44,939,668
Less: accumulated depreciation	(28,976,503)
Total capital assets	<u>15,963,165</u>

TOTAL ASSETS

17,222,961

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension contributions	46,060
Deferred amounts related to net pension liability	3,932
	<u>49,992</u>

LIABILITIES

Current liabilities:

Accounts payable	478,144
Accrued interest expense	20,453
Accrued expenses	223,887
Due to other funds	56,371
Long-term debt, current	207,000
Total current liabilities	<u>985,855</u>

Long-term liabilities:

Compensated absences	127,402
Net pension liability	1,978,737
Bonds payable	1,873,000
Total long-term liabilities	<u>3,979,139</u>

TOTAL LIABILITIES

4,964,994

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability	506,897
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NET POSITION

Net investment in capital assets	13,883,165
Restricted for debt service	358,666
Unrestricted	(2,440,769)
TOTAL NET POSITION	<u>\$ 11,801,062</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES:

Charges for service -	
Water, sewer and garbage fees	\$ 4,182,141
Miscellaneous service revenues	29,712
Total operating revenues	<u>4,211,853</u>

OPERATING EXPENSES:

Salaries and wages	989,725
Employee benefits	(107,773)
Change in net pension liability	(616,058)
Utilities	319,939
Contractual services	774,919
Supplies and materials	796,222
Repairs	803,681
Gas and oil	15,736
Depreciation	1,005,845
Insurance and other	62,448
Total operating expenses	<u>4,044,684</u>

INCOME FROM OPERATIONS	<u>167,169</u>
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NON-OPERATING REVENUES (EXPENSES):

Advalorem taxes	255,863
Sales taxes	1,052,636
Intergovernmental	138,994
Interest income	17,550
Interest expense	(76,742)
Total nonoperating revenues (expenses)	<u>1,388,301</u>

Net income before transfers	1,555,470
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Transfers to other funds	(1,873,014)
Transfers from other funds	<u>-</u>

Total transfers	(1,873,014)
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CHANGE IN NET POSITION	(317,544)
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NET POSITION:

Balance, beginning of year	<u>12,118,606</u>
Balance, end of year	<u><u>\$ 11,801,062</u></u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 4,390,197
Cash paid to suppliers	(2,454,555)
Cash paid to employees	(1,247,459)
Net cash provided by operating activities	<u>688,183</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Advalorem taxes	352,453
Sales taxes	1,045,843
Due to other funds (net change in)	56,494
Transfers from other funds	-
Transfers to other funds	(1,873,014)
Net cash used in non-capital financing activities	<u>(418,224)</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Intergovernmental grants (capital)	138,994
Principal payments on debt	(202,000)
Interest paid on debt	(78,729)
Acquisition of capital assets	(237,786)
Net cash used in capital financing activities	<u>(379,521)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	<u>17,550</u>
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Net change in cash and cash equivalents	(92,012)
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Cash and cash equivalents at beginning of year	<u>795,942</u>
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Cash and cash equivalents at end of year	<u>\$ 703,930</u>
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Reconciliation to the Statement of Net Position:

Cash and cash equivalents - current	\$ 345,264
Cash and cash equivalents - restricted	<u>358,666</u>
	<u>\$ 703,930</u>

(continued)

The accompanying notes are an integral part of these statements.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ENTERPRISE (UTILITIES) FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Page 2 of 2

Reconciliation of net income to net cash provided by operating activities:

Income from operations	\$ 167,169
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	1,005,845
Bad debt expense	(67,430)
Change in assets, deferred outflows, liabilities and deferred inflows:	
Receivables	240,674
Deferred outflows related to pensions	76,407
Accounts payable	318,390
Accrued expenses	5,100
Other payables	-
Compensated absences	(4,138)
Net pension liability	(616,058)
Deferred inflows related to pensions	(454,897)
Accrued salaries	17,121
Net cash provided by operating activities	<u>\$ 688,183</u>

The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF PLAN NET POSITION
CITY OF BOGALUSA EMPLOYEES' RETIREMENT SYSTEM
FIDUCIARY FUND
JUNE 30, 2021

ASSETS

Cash and cash equivalents		\$ 648,007
Receivables:		
Employer contributions	191,767	
Accrued interest	<u>9,632</u>	201,399
Investments at fair market value:		
Fixed income investments	2,726,457	
Equity investments	<u>4,500,366</u>	
Total investments		<u>7,226,823</u>
TOTAL ASSETS		<u><u>8,076,229</u></u>

LIABILITIES

<u>NET POSITION OF PENSION PLAN ASSETS</u>	<u><u>\$ 8,076,229</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF BOGALUSA, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF BOGALUSA EMPLOYEES' RETIREMENT SYSTEM
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS

Contributions:	
Members	\$ 132,678
Employer	3,448,305
Total contributions	<u>3,580,983</u>
Investment income:	
Net increase in fair value of investments	1,039,349
Interest and dividends	91,770
	<u>1,131,119</u>
Less: investment fee expense	<u>(28,308)</u>
Net investment income	<u>1,102,811</u>
Total additions	<u>4,683,794</u>

DEDUCTIONS

Benefits paid	1,006,591
DROP withdrawals	47,000
Refunds of contributions	60,738
Total deductions	<u>1,114,329</u>

INCREASE IN NET POSITION	3,569,465
---------------------------------	------------------

NET POSITION OF PENSION PLAN ASSETS:

Beginning of the year	<u>4,506,764</u>
End of the year	<u><u>\$ 8,076,229</u></u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE PRIMARY GOVERNMENT
FINANCIAL STATEMENTS**

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

INTRODUCTION

The City of Bogalusa, Louisiana (the City) was incorporated July 4, 1914, and is governed by the provisions of a home rule charter adopted October 22, 1977. The City operates under a "mayor-council" form of government which consists of an elected council representing the legislative branch of the government and an elected mayor heading the executive branch.

As the municipal governing authority, for reporting purposes, the City is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 61 established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This includes the following criteria:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City Council.
2. Organizations for which the City Council does not appoint a voting majority but which are fiscally dependent on the Council and provide specific financial benefits or impose specific financial burdens on the City Council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship.
4. Organizations in which it has majority equity interest for the purpose of directly facilitating government services.

The City has chosen to issue financial statements of the primary government and only one component unit.

Component Unit Included

City of Bogalusa Employees' Retirement System (COBERS) – COBERS is a legally separate organization, but is fiscally dependent upon the City. It meets the definition of a component unit, and is blended into the basic financial statements as a Fiduciary Type Fund.

Component Units Omitted

City Court of Bogalusa (the Court) -The City Court of Bogalusa is a court of limited jurisdiction and serves Ward 4 of Washington Parish, Louisiana. Although the City Court Judge is an independently elected official, the Court is considered a component unit of the City because of fiscal dependence. The City provides the courtroom and office space for the Court. The City also pays salaries and retirement for the Court's administrative staff.

Constable of City Court of Bogalusa (the Constable) - The office of the Constable of City Court of Bogalusa was created by special legislative act R.S. 13:1952(5). The Constable is an elected official, and is responsible for executing the orders and mandates of the City Court of Bogalusa. The Constable is also fiscally dependent on the City and considered a component unit.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

INTRODUCTION (continued)

Christmas in the Park Commission (the Commission) – The Commission was created on November 1, 1995 by Ordinance No. 1588. The Commission is governed by an eleven-member board appointed by the Mayor, with approval of the City Council. The Commission advises the Mayor and the City Council, stimulates public interest and accepts donations to enhance holiday lighting and activities.

Bogalusa Community Arena Commission (the Commission) – The Bogalusa Community Arena Commission is governed by an eleven-member board appointed by the Mayor with approval of the Council. The Commission was established by Ordinance No. 1607 dated June 21, 1995 and amended on December 20, 1995 by Ordinance No. 1623.

Bogalusa Parks and Recreation Commission (the Commission) – The Bogalusa Parks and Recreation Commission is governed by a seventeen-member board appointed by the Mayor with the approval of the Council. The Commission was established by Ordinance No. 824 dated March 6, 1973.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Administrative Offices

City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Constable of City Court of Bogalusa
202 Arkansas Avenue
Bogalusa, LA 70427

Ms. Stacy Smith
Director of Administration
City of Bogalusa, Louisiana
Post Office Box 1179
Bogalusa, LA 70429

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations and (b) joint ventures, as follows:

Related Organizations

Housing Authority of Bogalusa - The Mayor, with confirmation of the City Council, appoints all five Commissioners of the Housing Authority of Bogalusa. However, no further contact or influence exists.

Washington Economic Development Foundation, Inc. - The Mayor appoints one member and the City Council appoints two members of the thirty-member Board of Directors of Washington Economic Development Foundation, Inc., which is a non-profit corporation exempt from federal income tax under Internal Revenue Code Section 501 (c)(3).

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Bogalusa have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private Sector Standards of Accounting issued on or prior to November 30, 1989 generally are followed in both the government wide financial statements and the proprietary fund type financial statements. The City has applied GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which eliminates the option for business-type activities to follow new FASB pronouncements, although they may continue to be applied as "other accounting literature."

A. Government-Wide Financial Statements

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

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

B. Fund Financial Statements

Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories. Major funds are presented alone in a separate column, while non-major funds are summarized into a single column in the basic financial statements.

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

Governmental activities presented as governmental funds in the fund financial statements:

General Fund – The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Financial Statements (continued)

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The special revenue fund reported as a major fund in the fund financial statements is as follows:

The American Rescue Plan Fund accounts for the federal grant funding from the Coronavirus State and Local Fiscal Recovery Fund.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. There are no major debt service funds.

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

The Airport Expansion Fund accounts for the federal grant revenues and expenditures thereof for capital improvements at the George R. Carr Memorial Airport.

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

The City reports the following major proprietary fund:

The Utilities Fund accounts for all financial resources of water system, sewer system, and garbage collection.

Additionally, the City reports the City of Bogalusa Employees' Retirement System (COBERS) as a fiduciary fund since the City acts in a fiduciary capacity for the benefit of the employees. Assets held in this fund are segregated from the City's general operating assets and are not subject to the claims of general creditors.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

COBERS is a single-employer pension plan that covers most permanent City employees except policemen and firemen. The COBERS's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period, while intergovernmental (grant) revenues are considered available if received within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the City's investment policy allow the City to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The City has no investments.

The City of Bogalusa Employees' Retirement System's (COBERS) cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the COBERS investment policy allow the COBERS to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds investing in debt and equity securities, as well as direct equity investments all within limitations for each type of investment.

E. Activity Between Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

F. Summary of Authorized Ad Valorem and Sales Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Washington Parish. When the City receives the tax roll, a receivable is set up and revenue is recognized based on the assessed values to the extent available.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Summary of Authorized Ad Valorem and Sales Taxes (continued)

Sales taxes are recognized as revenue in the month of the underlying sale transaction. The Washington Parish Sheriff is authorized to collect and remit this tax to the City.

The following is a summary of authorized and levied ad valorem taxes.

Fund Type	Purpose	Authorized Mills	Levied Mills	Expiration Date
General	General purpose	10.90	10.90	Indefinite
General	Maintenance, equipment, operations and salaries of municipal employees	3.62	3.62	2027
General	Fire department maintenance	2.71	2.71	2027
General	Maintenance and operation of municipal services	2.73	2.73	2029
General	Retirement for police department, fire department, and general city employees	7.84	7.84	2029
General	City of Bogalusa Employees' Retirement System	2.75	2.75	2025
Debt Service	Street Improvement Bonds	0.50	0.50	Indefinite
Special Revenue	Parks and Recreation Facilities	2.01	2.01	2029
Special Revenue	Municipal Buildings	2.01	2.01	2029
Special Revenue	Landfill ³	5.03	5.03	2031
Enterprise	Sewer and water works	2.71	2.71	2027
	Total	42.81	42.81	

The following is a summary of authorized sales taxes.

Fund Type	Purpose	Percent	Expiration Date
Special Revenue	Street and drainage maintenance	0.25	05/31/27
Special Revenue	Capital improvements	0.15	05/31/27
Enterprise	Water and sewer maintenance	0.15	05/31/27
General	General operations	0.45	05/31/27
Special Revenue	Industrial complex maintenance ¹	0.25	Indefinite
Special Revenue	Employee salaries and benefits	0.50	Indefinite
Special Revenue	Jail operations	0.33	Indefinite
General	General operations ²	1.00	Indefinite
Enterprise	Wastewater system improvement	0.25	02/01/23
	Total	3.33	

¹ Beginning on January 1, 2019, 50% of the .25 cent tax is dedicated to paying retirement and benefits of the City of Bogalusa Employees' Retirement System. On July 11, 2020 an election was held that dedicated the remaining 50% of the .25 cent tax to the City of Bogalusa Employees' Retirement System.

² Beginning on January 1, 2019 through 2039, 12.5% of this 1 cent tax is dedicated to paying retirement and pension benefits of the City of Bogalusa Employees' Retirement System.

³ Beginning in April 2022 through 2031, the proceeds of such tax is to be used for paying the costs of garbage collection and disposal, including without limitation landfill tipping fees.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories and Prepaid Expenses

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain funds of governmental activities, capital lease proceeds, and enterprise fund revenue bonds, as well as certain resources set aside for bond repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, sewer infrastructure, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	20-40 years
Buildings and building improvements	25-40 years
Furniture and fixtures	5-10 years
Vehicles	5 years
Equipment	5-10 years

J. Compensated Absences

Vacation and sick leave in each department is governed by a different union contract and in the case of fire and police, civil service and other state laws.

Public Works Department and Finance Department/General Government:

Vacation time is required to be taken in the year it is earned, except with permission from the appropriate department head. The union contract calls for payment for unused vacation at the end of the year. The City's practice is to pay an employee for up to 90 days at separation. The City allows an employee to bank more vacation time than he/she will be paid for in the event he/she needs to use it for an emergency.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences (continued)

Sick leave is earned at a rate of 2 days a month, is cumulative up to 260 days and is kept on the books until an employee separates. An employee can be paid for up to 20 days of sick leave at separation.

Comp time or bank time is earned at 1.5 times the hours actually worked at an overtime rate. The City's practice is to pay an employee for up to 90 days at separation. The City allows an employee to bank more vacation time than he/she will be paid for in the event he needs to use it for an emergency.

Fire Department and Police Department:

Vacation time is required to be taken in the year it is earned, except with permission from the appropriate chief. The City's practice is to pay an employee for up to 90 days at separation, yet the city allows an employee to bank more vacation in the event he or she needs to use it for an emergency.

Comp time or bank time is earned at 1.5 times the hours actually worked at an overtime rate. Currently, bank time is unlimited.

GASB Statement No. 16 *Accounting for Compensated Absences* requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The City has recorded the following liabilities as of December 31, 2021 for certain salary-related benefits associated with the payment of compensated absences:

1. Accrued and unused vacation for each employee valued at the employees' current rate of pay.
2. Accrued and unused sick leave up to the maximum to be paid upon termination.
3. A total of 100% of the compensatory leave for each employee valued at the employees' current rate of pay.

In the government-wide financial statements and the propriety fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No.6 *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March of 2000), no compensated absences liability is recorded at December 31, 2021, in the governmental fund financial statements. The liquidation of the compensated absence liabilities will be paid proportional to funds in which the compensation was paid.

K. Fund Balance

The City reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides definitions of fund balance categories that are designed to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance (continued)

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority by a vote of the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the City's management;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which other fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

L. Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectable balances. The more significant accounts receivable is recorded for amounts due from other governments in the governmental activities and funds, and for customers' accounts in the business-type activities and the utility fund. Customer Utility accounts are estimated to be uncollectable upon coming sixty days past due. Amounts due from governments are estimated to be uncollectable based upon the facts and circumstances of the grant agreement or funding source.

M. Deferred Outflows and Inflows

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position.

N. Net Position

The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Net Position (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. 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.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

O. Estimates

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

P. Current Year Adoption of New Accounting Standards

The City adopted GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. The statement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also enhances the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental and business-type activities. The implementation of this standard had no effect on net position or fund balance for the fiscal year ending December 31, 2021.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

- a. The Mayor submits to the council a proposed operating budget at least forty-five days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and total anticipated revenues.
- b. At the meeting of the council at which the operating budget is submitted, the council orders a public hearing on it.
- c. At least ten days prior to the date of such hearing, the council publishes in the official journal a general summary of the proposed budget.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally enacted through passage of an ordinance, no later than the twenty-seventh day of the last month of the calendar year.
- e. Budgetary amendments involving the transfer of funds from one department, office, or agency to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the adoption of an ordinance by the Council.
- f. Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended.
- g. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended from time to time by the City Council.

3. DEPOSITS, CASH EQUIVALENTS, AND INVESTMENTS

A. City of Bogalusa

At December 31, 2021, the City had cash (book balances) totaling \$7,077,967 consisting primarily of demand deposit accounts at local banks. These deposits were stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned. Under the state law, all deposits are required to be secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the City of Bogalusa's name. At December 31, 2021, the City's bank balances amounted to \$7,535,530. Of the bank balances, \$250,000 was covered by federal depository insurance, \$7,285,530 was protected against custodial credit risk by collateral held by the pledging banks' trust department or agent in the City's name at December 31, 2021.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS)

Cash and Cash Equivalents:

At June 30, 2021, cash and cash equivalents consisted of \$343,245 invested in short-term money market mutual and \$304,762 in a commercial checking account. The commercial checking account is insured by the Federal Deposit Insurance Corporation up to \$250,000, while the money market funds are not subject to custodial credit risk.

Investments:

In accordance with LRS 11:263, the System is authorized to invest under the Prudent-Person Rule. The Prudent-Person Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Person Rule, the System's investment policy allows for fifty percent of the total portfolio to be invested in equity securities and fifty percent to be invested in fixed income securities consisting of U.S. Government and U.S. corporation bonds and notes. Rebalancing occurs when the investment weight of the categories varies by five percent or more.

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy states that no more than 5 percent of the total stock portfolio value at market may be invested in the common stock of an organization.

In addition, with respect to fixed income securities, exposure to any economic sector shall not exceed greater of 30% of the portfolio at market value and investments in one issuer shall not exceed 5% of the fixed income portfolio's market value unless otherwise authorized by the Board. Investments in the Fixed Income Exchange Traded Fund (ETF) represents a concentration greater than 5.5% of total investments as of June 30, 2021. The issuer's percentages of total fixed income investments was 24.35% at June 30, 2021.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

Credit Risk:

Credit risk is defined as the risk that an issuer or other counter party to an investment will not fulfill its obligations. The following are credit risk ratings of the System's investments in long-term debt securities as of June 30, 2021.

Below is a schedule of debt securities owned with their applicable ratings:

Rating	Corporate Bonds	Mutual Funds MUF	Fixed Income ETF	U.S. Treasury Notes TSY	Total
A1	\$ 86,754	\$ -	\$ -	\$ -	\$ 86,754
A2	222,100	-	-	-	222,100
A3	123,070	-	-	-	123,070
Aa2	102,664	-	-	-	102,664
Aa3	51,372	-	-	-	51,372
Aaa	50,132	-	-	-	50,132
Baa1	95,176	-	-	-	95,176
Baa2	30,819	-	-	-	30,819
Baa3	37,943	-	-	-	37,943
TSY	-	-	-	927,791	927,791
MUF	-	334,753	-	-	334,753
ETF	-	-	663,883	-	663,883
	<u>\$ 800,030</u>	<u>\$ 334,753</u>	<u>\$ 663,883</u>	<u>\$ 927,791</u>	<u>\$ 2,726,457</u>

The System's investment policy limits its investments to corporate debt issues rated equivalent of B or better by Standard & Poor's or B2 by Moody's Investor Services. If securities fall to a CCC rating, they are to be eliminated in a timely manner.

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk:

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk arises when securities are uninsured or are not registered in the name of the Retirement System, and are held by either the counterparty or the counterparty's trust department or agent, but not in the System's name. The System was not exposed to custodial credit risk as of June 30, 2021. However, the System does not have a policy regarding custodial credit risk.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates in the general market will adversely affect the fair value of an investment. The holding period of an investment security can be an indicator of interest rate risk exposure. As of June 30, 2021, the System had the following investments in long-term debt securities and maturities:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Corporate Bonds	\$ 800,030	\$ -	\$ 143,746	\$ 454,678	\$ 201,606
Mutual Funds	334,753	334,753	-	-	-
Fixed Income ETF	663,883	663,883	-	-	-
U.S Treasury Notes TSY	927,791	20,315	421,890	340,079	145,507
	<u>\$ 2,726,457</u>	<u>\$ 1,018,951</u>	<u>\$ 565,636</u>	<u>\$ 794,757</u>	<u>\$ 347,113</u>

The System has no formal policy regarding interest rate risk.

The System may invest in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The holding periods for the collateralized mortgage obligations above are based on maturity dates of the securities.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

3. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. City of Bogalusa Employees' Retirement System (COBERS) (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are for significant other observable inputs; Level 3 inputs are significant unobservable inputs. A summary of the COBERS's investments along with the fair value hierarchy levels of each type of investment are as follows:

	6/30/2021	Fair Value Measurements Using	
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)
Fixed Income Assets			
Corporate Bonds	\$ 800,030	\$ -	\$ 800,030
Mutual Funds	334,753	-	334,753
Fixed Income ETF	663,883	663,883	-
U.S Treasury Notes	927,791	927,791	-
Total Fixed Income Assets	<u>2,726,457</u>	<u>1,591,674</u>	<u>1,134,783</u>
Equity Investments			
Value Equity	4,500,366	4,500,366	-
Total Equity Investments	<u>4,500,366</u>	<u>4,500,366</u>	<u>-</u>
Total Investments at Fair Value Level	<u>\$ 7,226,823</u>	<u>\$ 6,092,040</u>	<u>\$ 1,134,783</u>

Level 2 inputs are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted prices.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends, period aging and prior write-offs of similar accounts receivable, receivables balances, and sales and franchise tax collections.

Accounts receivable at December 31, 2021 were as follows:

<u>Governmental Activities:</u>	<u>Sales Taxes</u>	<u>Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 342,688	\$ -	\$ 82,152	\$ 424,840
Airport Expansion Capital Projects Fund	-	1,146,055	-	1,146,055
Non-Major Governmental Funds	418,308	-	9,992	428,300
Total	<u>\$ 760,996</u>	<u>\$ 1,146,055</u>	<u>\$ 92,144</u>	<u>\$ 1,999,195</u>

<u>Business-type Activities:</u>	<u>Sales Taxes</u>	<u>Customer Utility Accounts</u>	<u>Other</u>	<u>Total</u>
Operating Fund	\$ 103,446	\$ 2,089,379	\$ -	\$ 2,192,825
Allowance for Uncollectible Accounts	-	(1,684,749)	-	(1,684,749)
Total	<u>\$ 103,446</u>	<u>\$ 404,630</u>	<u>\$ -</u>	<u>\$ 508,076</u>

5. CASH RESTRICTED UNDER DEBT AGREEMENTS

At December 31, 2021, the City held restricted cash required by bond covenants pertaining to the \$2,670,000 Revenue Refunding Bonds 2012, \$1,000,000 Water Revenue Bonds 2009A and \$3,000,000 Water Revenue Bonds 2009B as follows:

Wastewater Improvement Sales Tax	\$ 3,906
Water Revenue Bond Reserve Account	147,746
Water Revenue Bond Sinking Account	106,364
Water Revenue Bond Contingency Account	<u>100,650</u>
Total business-type activities restricted cash	<u>\$ 358,666</u>

The City is required by its Loan and Pledge Agreement with the Louisiana Department of Health and Hospitals pursuant to the issuance of the 2009A and B bonds (see note 12) to make monthly deposits into its water revenue bond and sinking fund cash accounts. Additionally, the Water Revenue Bond Reserve Account and the Water Revenue Contingency Accounts are required to maintain minimum balances. As of December 31, 2021 the City fully funded the Water Revenue Bond Sinking Account and maintained the required minimum balance.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

6. CAPITAL ASSETS

A. Governmental Activities

The following is a summary of the changes in capital assets for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<u>Cost</u>				
<u>Not being depreciated</u>				
Land	\$ 1,887,765	\$ -	\$ -	\$ 1,887,765
Construction in progress	146,611	1,086,492	-	1,233,103
	<u>2,034,376</u>	<u>1,086,492</u>	<u>-</u>	<u>3,120,868</u>
<u>Being depreciated</u>				
Buildings	22,405,255	20,430	-	22,425,685
Infrastructure	32,375,162	-	-	32,375,162
Furniture and equipment	5,629,948	1,078,985	-	6,708,933
	<u>60,410,365</u>	<u>1,099,415</u>	<u>-</u>	<u>61,509,780</u>
<u>Less: accumulated depreciation</u>				
Buildings	(13,068,737)	(530,189)	-	(13,598,926)
Infrastructure	(16,223,977)	(889,458)	-	(17,113,435)
Furniture and equipment	(4,498,723)	(447,724)	-	(4,946,447)
	<u>(33,791,437)</u>	<u>(1,867,371)</u>	<u>-</u>	<u>(35,658,808)</u>
Net capital assets being depreciated	<u>26,618,928</u>	<u>(767,956)</u>	<u>-</u>	<u>25,850,972</u>
Total capital assets, net	<u>\$ 28,653,304</u>	<u>\$ 318,536</u>	<u>\$ -</u>	<u>\$ 28,971,840</u>

Depreciation expense for the year ended December 31, 2021 was charged to the following governmental functions:

General government	\$ 98,726
Public safety	306,372
Public works	580,051
Culture and recreation	112,989
Economic Development	352,071
Airport	417,162
	<u>\$ 1,867,371</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

6. CAPITAL ASSETS (continued)

B. Business-type Activities

The following is a summary of the changes in capital assets for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<u>Cost</u>				
<u>Not being depreciated</u>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
<u>Being depreciated</u>				
Water and sewer plant	10,468,398	130,989	-	10,599,387
Sewer treatment plant	2,866,151	26,918	-	2,893,069
Water well	1,686,604	-	-	1,686,604
Collection system	2,744,249	-	-	2,744,249
Sewer pumping system	1,879,580	68,509	-	1,948,089
Water line	5,120,810	-	-	5,120,810
Equipment and vehicles	441,835	7,870	-	449,705
Sewer treatment improvements	14,606,097	3,500	-	14,609,597
Water meter	4,888,158	-	-	4,888,158
	44,701,882	237,786	-	44,939,668
<u>Less: accumulated depreciation</u>				
Water and sewer plant	(8,678,926)	(105,567)	-	(8,784,493)
Sewer treatment plant	(2,746,723)	(31,049)	-	(2,777,772)
Water well	(1,115,669)	(59,269)	-	(1,174,938)
Collection system	(2,744,249)	-	-	(2,744,249)
Sewer pumping system	(1,603,935)	(105,078)	-	(1,709,013)
Water line	(2,985,256)	(128,020)	-	(3,113,276)
Equipment and vehicles	(409,297)	(13,402)	-	(422,699)
Sewer treatment improvements	(5,853,982)	(367,934)	-	(6,221,916)
Water meter	(1,832,621)	(195,526)	-	(2,028,147)
	(27,970,658)	(1,005,845)	-	(28,976,503)
Net capital assets being depreciated	16,731,224	(768,059)	-	15,963,165
Total capital assets, net	\$ 16,731,224	\$ (768,059)	\$ -	\$ 15,963,165

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

7. INTERFUND BALANCES

From time to time, cash may be borrowed between funds or costs may be fronted by one fund for another fund resulting in inter-fund balances. The amounts are not expected to be repaid within one year as they depend on the timing of receipts in other funds. The following inter-fund balances exist at December 31, 2021.

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Funds:</u>		
General Fund	\$ 525,458	\$ 27,584
Airport Expansion Capital Projects Fund	27,534	179,493
Nonmajor governmental funds	19,682	309,226
 <u>Proprietary Funds:</u>		
Utility System	-	56,371
	<u>\$ 572,674</u>	<u>\$ 572,674</u>

8. INTERFUND TRANSFERS

Transfers between funds occur to provide reimbursement of certain operating costs and are not expected to be repaid. Transfers between funds during 2021 occurred as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 3,214,483	\$ 139,821
Nonmajor governmental funds	139,821	1,341,469
 <u>Proprietary Funds:</u>		
Utility System	-	1,873,014
	<u>\$ 3,354,304</u>	<u>\$ 3,354,304</u>

9. ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana sends a check monthly for approximately \$500 directly to each individual fireman and policeman that is qualified and has been employed by the City for at least one year. Policemen received a total of \$234,133, and the firemen received \$155,133 in 2021. The total payments of \$389,266 have been included in the fund financial statements in intergovernmental revenue and public safety expenditures.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

10. SHORT-TERM DEBT

The City borrows money during the year to finance expenditures for general operations that are budgeted evenly throughout the year, which are expected to be paid from ad valorem tax revenues collected at year-end.

Short-term debt activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Funds Borrowed	Repayments	Ending Balance
Certificates of Indebtedness	\$ 100,000	\$ -	\$ (100,000)	\$ -

The borrowings for 2021 were advanced to the City through a series of certificates of indebtedness bearing no interest, on the first \$100,000 borrowed and interest of 2.77% thereafter, per terms of the agreement.

11. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS

a. Activities

Long-term liability activity of governmental activities for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 305,000	\$ -	\$ (150,000)	\$ 155,000	\$ 155,000
Certificates of indebtedness	130,000	-	(64,000)	66,000	66,000
Compensated Absences	988,440	84,882	(251,935)	821,387	-
Pollution Remediation Obligations	386,000	-	-	386,000	-
Washington Parish - Intergovernmental Agreement	336,744	-	(156,000)	180,744	120,000
	<u>\$ 2,146,184</u>	<u>\$ 84,882</u>	<u>\$ (621,935)</u>	<u>\$ 1,609,131</u>	<u>\$ 341,000</u>

b. Bonds Payable

On December 4, 2017, the City issued Certificate of Indebtedness, Series 2017, in the amount of \$312,000 for the purpose of financing the purchase of a new firetruck. The Certificates principal payments are due on October 1st of each year beginning 2018 through 2022. Interest on the Certificates is 3.22% and is payable semiannually in April and October.

Bonds and certificates of indebtedness payable were as follows at December 31, 2021:

	Type of Debt	Interest Rates	Date of Issuance	Original Balance	Ending Balance
General Obligation 2007	G.O. ¹	4.125 - 6.0%	10/1/2007	\$ 1,750,000	\$ 155,000
Certificates of indebtedness 2017	C ²	3.22%	12/4/2017	312,000	66,000
					<u>\$ 221,000</u>

G.O. = General obligation bond C = Certificate of Indebtedness

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

11. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS (continued)

b. Bonds Payable (continued)

¹These bonds were offered for public sale that are subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds would be in default for failure of payment of principal and interest when due, non-payment related defaults, unscheduled draws on debt service reserves or credit enhancements reflecting financial difficulties, substitution of credit or liquidity providers or failure to perform, modifications to rights of bondholders, defeasances, release, substitution or sale of property securing repayment of the bonds, bond rating changes, filing petition or seeking relief under Federal or State bankruptcy law, adverse tax opinions or other material notices or determinations with respect to the tax status of the bonds, the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of substantially all of the assets of the Issuer, and an appointment of a successor or additional trustee or the change of name of a trustee (if material). The City has the authority to assess and collect property taxes that will be used to repay this debt.
- *Termination events with finance related consequences* – Events that will result in finance related consequences include bonds being callable early and insufficient taxes levied and collected to meet debt service requirements on all bonds outstanding.
- *Subjective acceleration clauses* – The City may refund early with refunding certificates or bonds, and the City may defease bonds.

²This bond is a direct placement bond that is subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – none noted
- *Termination events with finance related consequences* – none noted
- *Subjective acceleration clauses* – none noted

c. Annual debt service requirements of bonds and notes payable

The annual requirements to service all debts outstanding are as follows for the next five years and for five-year increments thereafter:

	Bonds Payable		Certificates of Indebtedness		Principal
	Principal	Interest	Principal	Interest	Total
2022	\$ 155,000	\$ 3,565	\$ 66,000	\$ 2,125	\$ 221,000
	\$ 155,000	\$ 3,565	\$ 66,000	\$ 2,125	\$ 221,000

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

11. GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS (continued)

d. Washington Parish Intergovernmental Agreement

As of December 31, 2019, the City and the Washington Parish Government (the Parish) entered into an intergovernmental agreement (IA) to dissolve the Choctaw Landfill Joint Venture (the landfill). The CLJV was formed in 1985, the City and the Washington Parish Council entered into a verbal agreement and in 1998 formalized in writing for the construction and operation in a joint venture named Choctaw Road Landfill with the City's equity of 41.9% and the Parish's equity of 58.1%. The City's funding of the landfill was through a 5-mill ad-valorem tax that has been insufficient to support the City's portion of the landfill operational costs and capital expenditures. The continued operation of the landfill with the City's 5-mill funding source was fiscally detrimental. The City and the Parish entered into the IA where the City agreed to a long-term liability of \$336,744 due to the Parish expected to be repaid over three years with the full amount due as of December 31, 2023. In exchange, effective January 1, 2020, the City agreed to a 10-year contract to continue to use the landfill for its waste at an agreed upon price of \$37.50 per ton adjusted annually by the consumer price index. The City agreed to repay the debt to the Parish by transferring the difference between the 5-mill ad-valorem tax revenue and the per ton disposal fee. As of December 31, 2021 the balance due to parish was \$180,744.

12. BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS

a. Activity

Long-term debt activity of business-type activities for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 2,282,000	\$ -	\$ (202,000)	\$ 2,080,000	\$ 207,000
Compensated Absences	131,540	27,579	(31,717)	127,402	-
	<u>\$ 2,413,540</u>	<u>\$ 27,579</u>	<u>\$ (233,717)</u>	<u>\$ 2,207,402</u>	<u>\$ 207,000</u>

b. Bonds Payable

The City entered into a series of agreements with the Louisiana Department of Health and Hospitals (the Department) as part of the Build America Bonds Program whereby the Department has committed to loan the City up to \$5,000,000 to fund construction of a water meter system (project). The loan is to be advanced in incremental amounts as project costs are incurred. The indebtedness to the City will be evidenced through the Series 2009A and 2009B bonds in the amounts of \$1,000,000 and \$3,000,000, respectively, and these bonds will mature in 20 principal installments, payable annually on each September 1 beginning in 2011. Each annual installment due is based upon a pre-determined percentage of the ultimate amount of the borrowing that is not forgivable (see forgiveness provisions in the following paragraph). Interest on the bonds is incurred at the rate of 2.95% and payment thereof began March 1, 2010 and continues to occur semi-annually thereafter.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

12. BUSINESS-TYPE ACTIVITIES LONG-TERM OBLIGATIONS (continued)

b. Bonds Payable (continued)

The 2009A series bonds were funded with amounts provided under the American Recovery and Reinvestment Act (ARRA). One half of the 2009A bond funds advanced to the City is forgivable as a debt upon advancement. The City received no advances of 2009A bond funds during 2017 as the bonds were fully funded during 2012.

The City is required to create reserve accounts and maintain minimum balances within that account and to make monthly deposits into a sinking fund. As of December 31, 2021, the City fully funded the Water Revenue Bond Sinking Account and maintained the required minimum balance.

Bonds outstanding were as follows at December 31, 2021:

	Type of Debt	Interest Rates	Date of Issuance	Original Balance	Ending Balance
Water Revenue Bonds, Series 2009A,	R ³	2.95%	Various	\$ 1,000,000	\$ 551,000
Water Revenue Bonds, Series 2009B,	R ³	2.95%	Various	3,000,000	1,529,000
				<u>\$ 4,000,000</u>	<u>\$ 2,080,000</u>

R = Tax revenue bond

³This bond is a direct placement bond that is subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* -- These bonds would be in default for failure of payment of principal and interest when due, non-performance of observance of covenants, agreements, or conditions in Certificate Resolution or supplemental resolution continuing for more than 45 days after written notice of non-performance or observance, and filing petition or seeking relief under Federal or State bankruptcy law.
- *Termination events with finance related consequences* -- Events that will result in finance related consequences include bonds being callable early and insufficient taxes levied and collected to meet debt service requirements on all bonds outstanding.
- *Subjective acceleration clauses* -- The City may refund early with refunding certificates or bonds, and the City may defease these bonds.

c. Annual debt service requirements

A schedule of annual debt service requirements for the bonds for each of the next five years and for five-year increments thereafter is as follows:

	Bonds Payable		
	Principal	Interest	Total
2022	\$ 207,000	\$ 61,360	\$ 268,360
2023	213,000	55,254	268,254
2024	219,000	48,970	267,970
2025	224,000	42,510	266,510
2026	231,000	35,902	266,902
2027-2030	986,000	69,885	1,055,885
	<u>\$ 2,080,000</u>	<u>\$ 313,881</u>	<u>\$ 2,393,881</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

13. LEGAL DEBT MARGIN

Computation of the legal debt margin for general obligation bonds payable from ad-valorem tax is as follows. The City is within its allowed legal debt limitation.

<u>Ad-valorem taxes:</u>	
Assessed valuation, 2021 tax rolls	\$ 88,768,260
Debt limit: 35% of assessed valuation	\$ 31,068,891
General obligation bonds outstanding at December 31, 2021, secured by ad-valorem tax	\$ 155,000

14. PENSION PLANS

The City of Bogalusa (the City) participates in the City of Bogalusa Employees' Retirement System (COBERS) which is a single employer pension plan that is administered by a Board of Trustees as established by the City of Bogalusa's Home Rule Charter. The City is also a participating employer in three State-wide cost-sharing multiple employer defined benefit pension plans that include the Municipal Employees' Retirement System of Louisiana (MERS), the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the State-wide plans to the State Legislature. Each system is administered by a separate board of trustees.

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

MERS:	MPERS:	FRS:
7937 Office Park Boulevard	7722 Office Park Boulevard, Suite 200.	3100 Brentwood Drive
Baton Rouge, Louisiana 70809	Baton Rouge, LA 70809	Baton Rouge, Louisiana 70809
(225) 925-4810	(225) 929-7411	(225) 925-4060
www.mersla.com	www.lampers.org	www.ffrct.com

The financial statements of the City of Bogalusa Employees' Retirement System (COBERS) are included in this report.

In accordance with Government Accounting Standards Board (GASB) Statement 68 the City is required to record its Net Pension Liability in COBERS and the proportional share of each of the other pension plans Net Pension Liability and report the following disclosures:

Plan Descriptions:

a. City of Bogalusa Employees' Retirement System

Plan administration. The City of Bogalusa Employees' Retirement System (COBERS) administers the City of Bogalusa Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time general and public safety employees of the City. The City's Home Rule Charter grants the authority to establish and amend the benefit terms to the COBERS Board of Trustees (COBERS Board).

Management of the plan is vested in the COBERS Board, which consists of three members – one appointed by the Mayor, one appointed by the appointive officers and employees who are members of the system, and one selected by the two appointed members.

Membership: Participation is mandatory for virtually all full-time non-fire and non-police employees who are employed on a permanent basis, and are under the age of 60 years on the date of employment.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

a. City of Bogalusa Employees' Retirement System (continued)

The membership of the plan at June 30, 2021 is as follows:

Retirees & beneficiaries receiving benefits	84
Terminated vested and nonvested	10
Active plan members	52
Total	<u>146</u>

Description of Benefits: Members become benefit eligible at age 60 with 10 years of service or age 50 with 25 years of service. The normal benefit is equal to two and two-thirds percent of average salary for each year of total service and any fractional part of a year of service. The minimum amount of benefit is 25% of average salary, while maximum benefit is 66 2/3% of average salary. Under the joint and survivor option, 75% of benefits are paid and continue to the surviving spouse until death or remarriage. Cost-of-living adjustments (COLA) are provided with approval of the City Council.

An active member may participate in the Deferred Retirement Option Plan when he becomes eligible to retire. Participation in the plan can be for no more than 36 months. The regular monthly retirement benefit (calculated at the time of participation in the program) is deposited in a separate account for the participant. Upon termination of employment, the accumulated balance in the account is paid to the participant in a lump sum amount or any other method of payment approved by the board of trustees. Payment of the regular monthly retirement benefit also commences at the termination of employment.

Annual Pension Expense and Net Pension Liability: The City's Net Pension Liability to the COBERS, calculated in accordance with GASB 67, for the year ended June 30, 2021 measurement date is as follows:

Total pension liability:	
Service Cost	\$ 240,133
Interest	1,209,342
Difference between expected and actual experience	(220,991)
Changes in assumptions	32,763
Benefit payments	(1,114,329)
Net change in total pension liability	146,918
Total pension liability - beginning	18,922,292
Total pension liability - ending	<u>\$ 19,069,210</u>
Plan fiduciary net position:	
Contributions employer	\$ 3,448,305
Contributions employee	132,678
Net investment income	1,102,811
Benefit payments, refunds and expenses	(1,114,329)
Other	-
Change in plan fiduciary net position	3,569,465
Plan fiduciary net position - beginning	4,506,764
Plan fiduciary net position - ending	<u>\$ 8,076,229</u>
Net pension liability - beginning	\$ 14,415,528
Change in net pension liability	(3,422,547)
Net pension liability - ending	<u>\$ 10,992,981</u>
Plan fiduciary net position as a percentage of the total pension liability	42.35%

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

b. Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2021, there were 87 contributing municipalities in Plan A and 67 in Plan B. The City of Bogalusa is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only and only for Plan A.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death - 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for Retirement for Plan A Tier 2 members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service with an actuarially reduced early benefit
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death - 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings.

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

b. Municipal Employees' Retirement System of Louisiana (MERS) (continued)

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

c. Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211 - 11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years' creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

c. Municipal Police Employees' Retirement System (MPERS) (continued)

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

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

d. Firefighters' Retirement System (FRS)

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement, disability, and death benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (R.S.) 11:2251 - 11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

d. Firefighters' Retirement System (FRS) (continued)

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See RS. 11 :2256(A) for additional details on retirement benefits.

Deferred Retirement Option Plan: After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the defined retirement option plan (DROP) for up to 36 months. Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

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

Funding Policy – All Pension Plans

The funding policy for the City of Bogalusa Employees' Retirement System (COBERS) is actuarially determined and adopted by Board of Trustees as established by the City of Bogalusa's Home Rule Charter. The City also collects an ad valorem tax of 2.75 mills and a 0.25% special revenue sales tax that is contributed to COBERS that is in addition to the City's contribution based on a covered payroll percentage. On the statewide multiple employer cost sharing pension plans, Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

Funding Policy – All Pension Plans (continued)

Contributions to the plans are required and determined by COBERS or by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2021, for the City and covered employees were as follows:

	<u>City</u>	<u>Employees</u>
City of Bogalusa Employees' Retirement System ¹	11.00%	6.00%
Municipal Employees' Retirement System Plan A	29.50%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	29.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	29.75%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	32.25%	7.50%
Firefighters' Retirement System		
Employees receiving compensation above poverty		
guidelines of US Department of Health	33.75%	10.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	35.75%	8.00%

¹ Percentage does not include City contribution of property taxes dedicated to the Retirement System

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
City of Bogalusa Employees' Retirement System ¹	\$ 1,484,808	\$ 3,234,292	\$ 1,023,182
Municipal Employees' Retirement System Plan A	23,401	22,267	20,467
Municipal Police Employees' Retirement System	641,575	674,058	606,288
Firefighters' Retirement System	417,470	352,316	335,756

¹ Amount includes the City's accrual of property and sales taxes dedicated to the Retirement System

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

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

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

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

	Net Pension Liability at June 30, 2021	Proportionate Rate at June 30, 2021	Increase (Decrease) to June 30, 2020 Rate
City of Bogalusa Employees' Retirement System	\$ 10,992,981	Not Applicable	Not Applicable
Multiple Employer Cost Sharing Plans:			
Municipal Employees' Retirement System Plan A	110,328	0.0397%	-0.0006%
Municipal Police Employees' Retirement System	3,610,545	0.6773%	0.0526%
Firefighters' Retirement System	1,721,518	0.4858%	0.0037%
Total - Multiple Employer Cost Sharing Plans:	5,442,391		
	<u>\$ 16,435,372</u>		

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

	Total
City of Bogalusa Employees' Retirement System	\$ (2,062,330)
Municipal Employees' Retirement System Plan A	11,224
Municipal Police Employees' Retirement System	338,912
Firefighters' Retirement System	43,900
	<u>\$ (1,668,294)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,607	\$ (511,918)
Changes of assumptions	798,764	(2,087,037)
Net difference between projected and actual earnings on pension plan investments	-	(3,348,831)
Changes in proportion and differences between Employer contributions and proportionate share of contributions (cost sharing plans only)	444,593	(358,041)
Employer contributions subsequent to the measurement date	1,373,811	-
Total	<u>\$ 2,641,775</u>	<u>\$ (6,305,827)</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
City of Bogalusa Employees' Retirement System	\$ 868,839	\$ (2,816,097)
Municipal Employees' Retirement System Plan A	15,862	(34,751)
Municipal Police Employees' Retirement System	1,097,931	(1,910,981)
Firefighters' Retirement System	659,143	(1,543,998)
	<u>\$ 2,641,775</u>	<u>\$ (6,305,827)</u>

The following table lists the City's contributions to each retirement system that is reported as deferred outflow of resources related to pension made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2022. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
City of Bogalusa Employees' Retirement System	\$ 846,997
Municipal Employees' Retirement System Plan A	11,790
Municipal Police Employees' Retirement System	301,109
Firefighters' Retirement System	213,915
	<u>\$ 1,373,811</u>

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

Year	COBERS	MERS	MPERS	FRSL	Total
2022	\$ (2,317,343)	\$ (5,652)	\$ (138,275)	\$ (263,355)	\$ (2,724,625)
2023	(220,344)	(6,490)	(183,450)	(232,687)	(642,971)
2024	(110,627)	(8,014)	(211,623)	(302,169)	(632,433)
2025	(145,941)	(10,523)	(580,811)	(335,119)	(1,072,394)
2026	-	-	-	6,932	6,932
2027	-	-	-	27,628	27,628
	<u>\$ (2,794,255)</u>	<u>\$ (30,679)</u>	<u>\$ (1,114,159)</u>	<u>\$ (1,098,770)</u>	<u>\$ (5,037,863)</u>

Payables to the Pension Plan

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

	December 31, 2021
COBERS	\$ 413,016
MERS	-
MPERS	-
FRSL	-
	<u>\$ 413,016</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2021 are as follows:

	COBERS	MERS	MPERS	FBSL
Valuation Date	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:				
Expected Remaining				
Service Lives	3 years	3 years	4 years	7 years
Investment Rate of Return	6.50% net of investment expenses	6.85% net of investment expenses (decreased from prior year 6.95%)	6.75% net of investment expenses (decreased from prior year of 6.95%)	6.90% net of fees (decrease from prior year of 7.00%)
Inflation Rate	2.500%	2.500%	2.500%	2.500% per annum
Mortality	For pre-retirement and post-retirement mortality, the rates of the PubG-2010 (headcount weighted below median) tables were used. The mortality assumptions for all participants are sex distinct with mortality improvement projected generationally using scale MP-2020 and a base year of 2010.	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the 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 MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.	The mortality rate assumptions were updated in fiscal year 2021 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2021 valuation, assumptions for mortality rates were based on the following: For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees. For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees. In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.
Salary Increases	It has been assumed that employees' compensation will increase with each year of employment with annual salary increases average 4.5% per year of employment and with aggregate payroll increases on the average 2.5% per year.			14.10% in the first two years of service and 5.20% with 3 or more years of service, includes inflation and merit increases.
Cost of Living Adjustments	Years of Service		Years of Service	
	1 - 4 - 6.4%-Plan A and 7.4%-Plan B		1 - 2 - 12.30%	
	4 & Over - 4.5%-Plan A and 4.9%-Plan B		Above 2 - 4.70%	
Cost of Living Adjustments	A cost-of-living adjustment not to exceed 2% of the base benefit may be paid to all retirees and beneficiaries who are age 65 or more. If given, such raises are to be funded from deemed "excess" investment earnings over 6.50%. The raises must be approved by the City Council and are allowed on July 1, 1982 and every subsequent July 1.		The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	
	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.		For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.	

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

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

COBERS	MERS	MPERS	FRSL
The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each asset allocation. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The average invested assets in each asset allocation for the current fiscal year is presented in the chart below. The discount rate was calculated at 6.5%	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 and an adjustment for the effect of balancing or diversification.	The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.	The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source. The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. 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. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

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

Asset Class	Target Allocation				Long-Term Expected Real Rate of Return			
	COBERS	MERS	MPERS	FRSL	COBERS	MERS	MPERS	FRSL
Public equity	-	53.00%	-	-	-	2.31%	-	-
Equity	50.00%	-	55.50%	56.00%	6.840%	-	3.47%	27.34%
Public fixed income	-	38.00%	-	-	-	1.65%	-	-
Fixed Income	35.00%	-	30.50%	26.00%	1.710%	-	0.59%	4.12%
Alternatives	-	9.00%	14.00%	18.00%	-	0.39%	1.01%	14.84%
International equity	10.00%	-	-	-	6.490%	-	-	-
International fixed income	5.00%	-	-	-	2.890%	-	-	-
Other	-	-	-	-	-	-	-	8.34%
Total	100.00%	100.00%	100.00%	100.00%		4.35%	5.07%	
Inflation						2.60%	2.22%	
Expected Arithmetic Nominal Return						6.95%	7.29%	

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

14. PENSION PLANS (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for COBERS, MERS, MPERS and FRSL was 6.500%, 6.850%, 6.750%, and 6.900% for the year ended June 30, 2021.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
COBERS			
Rates	5.500%	6.500%	7.500%
City of Bogalusa Share of NPL	\$ 16,356,934	\$ 10,992,981	\$ 12,790,664
MERS			
Rates	5.850%	6.850%	7.850%
City of Bogalusa Share of NPL	\$ 226,282	\$ 110,328	\$ 129,690
MPERS			
Rates	5.750%	6.750%	7.750%
City of Bogalusa of NPL	\$ 8,111,748	\$ 3,610,545	\$ 3,819,600
FRSL			
Rates	5.900%	6.90%	7.900%
City of Bogalusa Share of NPL	\$ 4,826,722	\$ 1,721,518	\$ 2,101,725

15. RISK MANAGEMENT

Litigation and General Liability

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City attempts to minimize risk from significant losses by participating in a public entity risk pool. According to the participation contract, the City transfers all risk to the public entity risk pool. The City is only responsible for the payment of premiums and deductibles on claims; the public entity risk pool is responsible for the payment of claims excluding the deductible.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

15. RISK MANAGEMENT (continued)

Litigation and General Liability (continued)

On December 31, 2021, the City was a defendant in a number of lawsuits and other claims arising from the normal course of operations; most of which were being defended through the City's participation on the public entity risk pool. However, some of the claims were not covered through the risk pool and were thus handled through other hired counsel. The City Attorney has advised that his position on the suits covered under insurance is that they should be defended and/or settled within the policy limits. The lawsuits and claims not covered by insurance are also being vigorously defended. The ultimate disposition of all of these matters is unknown as of the date of issuance of these financial statements; however, certain of these matters could materially affect the City's financial condition if rulings are made in favor of the plaintiff or if the City chooses to settle these matters.

Worker's Compensation

In prior years, the City had a self-insured retention (deductible) of \$175,000 for worker's compensation. In 2009, the city purchased a full coverage worker's compensation insurance policy. No deductible is required; therefore, no reserve liability exists for claims incurred from 2009 forward. There is also no liability recorded in the Governmental Activities long-term debt for the City's retained risk pertaining to claims incurred prior to 2009 as of December 31, 2021, as there are no open claims that require a reserve liability.

Past Due Amounts

The City was in arrears to the public entity risk pool in which it participates for premiums due and amounts owed for past self-insured worker's compensation claims. The total amount owed to the risk pool entity was approximately \$136,500 at December 31, 2021. These amounts owed are included in accounts payable of the General Fund.

16. GRANTS FROM OTHER GOVERNMENTAL UNITS

Federal and state governmental units provide an important source of supplementary funding used to finance employment, construction programs, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded throughout all of the City's fund types. A grant receivable is recorded when the City has a right to reimbursement under the related grant, which is generally at the time an eligible expenditure has been incurred.

Most grants received by the City specify the purpose for which the grant monies are to be used and are subject to audit by the granting agency or, in the case of federal grants, the Single Audit Act. These audits may result in disallowed cost on previously received reimbursements requiring the City to return the funds to the grantor. Any potential return of funds is accounted for in accordance with FASB Statement No 5, Accounting for Contingencies, as made applicable under GASB Statement 62.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

16. GRANTS FROM OTHER GOVERNMENTAL UNITS (continued)

Grants and contribution revenues are to be categorized between operating and capital. The following categorization supports the grants and contribution revenues reported in the Statement of Activities:

<u>Function/Program</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
<u>Governmental Activities:</u>			
General government	\$ 44,540	\$ -	\$ 44,540
Public safety	773,462	-	773,462
Airport	6,208	1,086,492	1,092,700
	<u>824,210</u>	<u>1,086,492</u>	<u>1,910,702</u>
<u>Business-type Activities:</u>			
Utilities	43,274	95,720	138,994
	<u>\$ 867,484</u>	<u>\$ 1,182,212</u>	<u>\$ 2,049,696</u>

17. LEASES OF CITY PROPERTY

The City of Bogalusa has operating lessor leases for various buildings, land and improvements. The leases' terms range from five years to fifteen years. Operating lease income for December 31, 2021 was \$339,020. The following is a schedule of future minimum lease commitments:

<u>Year</u>	<u>Amount</u>
2022	\$ 227,904
2023	150,904
2024	79,844
	<u>\$ 458,652</u>

18. COMPENSATION PAID TO CITY COUNCIL

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Judson Teddy Drummond	City Council - At Large	\$ 7,200
Penny Douglas	City Council - At Large	7,200
Gloria Kates	City Council - District A	7,200
Danielle Magee-Keys	City Council - District B	7,777
Oneita Graham	City Council - District C	7,200
Dorman K Kellis	City Council - District D	7,200
Marcus Irvine	City Council - District E	7,292
		<u>\$ 51,069</u>

19. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Bogalusa (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Bogalusa's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement No. 75.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

19. OTHER POST-EMPLOYMENT BENEFITS (continued)

Benefits Provided

Medical and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service.

Life insurance coverage is provided to retirees and 100% of the rate (active and retired) is paid by the employer for the insurance amount of \$2,500. Insurance coverage while active is continued after retirement.

Employees covered by benefit terms

The December 31, 2021 total OPEB liability was determined using the December 31, 2020 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	119
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>135</u>
	<u>254</u>

Total OPEB Liability

The City's total OPEB liability of \$400,357 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	3.0%, including inflation
Discount rate	2.12% annually (Beginning of Year to Determine ADC) 2.06%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2021, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2021.

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

19. OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

Balance at December 31, 2020	\$ 402,232
Changes for the year:	
Service cost	4,006
Interest	8,570
Differences between expected and actual experience	1,488
Changes in assumptions	3,603
Benefit Payments and Net Transfers	(19,542)
Net changes	(1,875)
Balance at December 31, 2021	\$ 400,357

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	1.0% Decrease (1.06%)	Current Discount Rate (2.06%)	1.0% Increase (3.06%)
Total OPEB liability	\$ 466,831	\$ 400,357	\$ 347,777

Changes in the Total OPEB Liability (continued)

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

	1.0% Decrease (4.5%)	Current Trend Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 390,848	\$ 400,357	\$ 411,371

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$13,629. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,980	\$ (34,597)
Changes in assumptions	48,862	(14,524)
Total	\$ 73,842	(49,121)

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

19. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Years ending December 31:	
2022	\$ (204)
2023	(204)
2024	8,376
2025	8,376
2026	8,376
Thereafter	-
	<u>\$ 24,720</u>

20. TAX ABATEMENTS

The City of Bogalusa is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, the City of Bogalusa has the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program ("EZ Program"). For the year ending December 31, 2021, the City of Bogalusa only participated in the Industrial Tax Exemption Program.

Under the ITEP, as authorized by Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the tax assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement.

Taxes abated for the fiscal year ended December 31, 2021 were as follows:

<u>Tax Abatement/Refund Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Industrial Tax Exemption Program	\$ 1,555,077

The following schedule identifies the abated taxes by fund:

<u>Governmental Funds:</u>	
General Fund	\$ 1,021,771
Non-major governmental funds	433,702
<u>Proprietary Funds:</u>	
Utility System	99,604
	<u>\$ 1,555,077</u>

CITY OF BOGALUSA, LOUISIANA
Notes to the Primary Government Financial Statements
As of and for the Year Ended December 31, 2021

21. CONTINGENCIES AND COMMITMENTS

In 2013, the City entered into an agreement with the Louisiana Department of Environmental Quality for asbestos remediation for past, present and future demolitions of condemned/adjudicated properties in possession of the City. The City has committed to and has begun remediation of 140 demolitions from the past that were identified by the DEQ upon inspection. The City has completed remediation on a total of 52 properties through 12/31/2021 leaving a balance of 88 to complete. There were no properties completed during the 12/31/2021 fiscal year. In accordance with Governmental Accounting Standards Board Statement No 49, *Accounting and financial reporting for Pollution Remediation Liabilities*, an estimated liability of \$386,000 is recorded as payable for the past demolitions, for which remediation activities have already begun. Future demolitions are not estimable at this time.

22. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

The Governmental Accounting Standards Board (GASB) issued Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. Statement 95 changed the effective dates for accounting pronouncements scheduled to be implemented by the City. Following are recently issued pronouncements with the updated effective dates as changed by GASB 95 that may have to be reported in the City's financial statements in subsequent years:

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

23. SUBSEQUENT EVENT

On April 30, 2022, a special ad valorem tax of 5.00 mills was approved for a period of ten years, beginning the year of 2022 and ending in 2031. The proceeds of the tax are to be used for paying the costs of garbage collection and disposal, including without limitation, landfill tipping fees. This tax will replace the 5.00 mills tax that expired in 2021.

On April 30, 2022, a permanent sales and use tax of one-fourth of one percent (1/4%) was approved, effective February 1, 2023, with the proceeds of the Sales Tax to be used for constructing, acquiring, improving, extending, maintaining, and operating sewers and sewage treatment and disposal facilities for the City.

Required Supplemental
Information (Part II)

CITY OF BOGALUSA, LOUISIANA

**SCHEDULE OF CHANGES IN TOTAL OTHER
POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2021**

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered employee payroll	Total OPEB liability as a percentage of covered employee payroll
12/31/2021	12/31/2021	\$ 4,006	\$ 8,570	\$ 1,488	\$ 3,603	\$ (19,542)	\$ (1,875)	\$ 402,232	\$ 400,357	\$ 4,386,102	9.13%
12/31/2020	12/31/2020	5,188	12,141	(61,062)	19,953	(14,511)	(38,291)	440,523	402,232	4,258,351	9.45%
12/31/2019	12/31/2019	2,670	14,192	38,380	58,373	(17,896)	95,719	344,804	440,523	4,814,155	9.15%
12/31/2018	12/31/2018	3,251	12,599	(7,319)	(26,143)	(2,199)	(19,811)	364,615	344,804	4,673,937	7.38%

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan

CITY OF BOGALUSA, LOUISIANA
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended December 31, 2021 (*)

Year	Pension Plan	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	MERS (Plan A)	0.0397%	\$ 110,328	\$ 81,014	136.1839%	77.8169%
2020	MERS (Plan A)	0.0402%	173,944	76,898	226.2009%	64.5220%
2019	MERS (Plan A)	0.0408%	170,408	75,493	225.7269%	64.6752%
2018	MERS (Plan A)	0.0404%	167,859	74,013	226.7966%	63.9406%
2017	MERS (Plan A)	0.0415%	173,533	74,246	233.7271%	62.4940%
2016	MERS (Plan A)	0.0386%	158,091	48,131	328.4598%	62.1103%
2015	MERS (Plan A)	0.0334%	119,146	56,906	209.3734%	66.1790%
2014	MERS (Plan A)	0.0324%	83,125	62,719	132.5356%	73.9900%
2021	MPERS	0.6773%	\$ 3,610,545	\$ 2,046,301	176.4425%	84.0881%
2020	MPERS	0.6247%	5,773,924	1,929,606	299.2281%	70.9450%
2019	MPERS	0.6098%	5,538,314	1,900,055	291.4818%	71.0078%
2018	MPERS	0.6121%	5,175,137	1,807,951	286.2432%	71.8871%
2017	MPERS	0.6094%	5,320,084	1,803,009	295.0670%	70.0815%
2016	MPERS	0.6381%	5,980,832	1,786,352	334.8070%	66.0422%
2015	MPERS	0.7028%	5,505,641	1,727,198	318.7614%	70.7300%
2014	MPERS	0.7744%	4,844,528	1,863,353	259.9898%	75.1010%
2021	FRSL	0.4858%	\$ 1,721,518	\$ 1,218,465	141.2858%	86.7825%
2020	FRSL	0.4821%	3,341,471	1,200,158	278.4193%	72.6117%
2019	FRSL	0.5174%	3,240,332	1,249,036	259.4266%	73.9643%
2018	FRSL	0.5314%	3,056,372	1,270,215	240.6185%	74.7634%
2017	FRSL	0.5820%	3,336,005	1,368,523	243.7668%	73.5479%
2016	FRSL	0.5631%	3,682,876	1,269,799	290.0361%	68.1550%
2015	FRSL	0.6181%	3,335,696	1,212,206	275.1757%	72.4480%
2014	FRSL	0.6475%	2,881,461	1,412,941	203.9336%	76.0150%

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

(*) The amounts presented have a measurement date of June 30th for the year identified.

The three Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

CITY OF BOGALUSA, LOUISIANA
Schedule of Employer Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended December 31, 2021

Year	Pension Plan:	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
2021	MERS (Plan A)	\$ 23,401	\$ 23,401	\$ -	\$ 79,326	29.4998%
2020	MERS (Plan A)	22,267	22,267	-	77,771	28.6315%
2019	MERS (Plan A)	20,467	20,467	-	76,141	26.8804%
2018	MERS (Plan A)	18,972	18,972	-	74,751	25.3803%
2017	MERS (Plan A)	17,411	17,411	-	73,285	23.7579%
2016	MERS (Plan A)	15,118	15,118	-	70,791	21.3558%
2015	MERS (Plan A)	8,845	8,845	-	44,786	19.7495%
2014	MERS (Plan A)	12,175	12,175	-	63,235	19.2536%
2021	MPERS	\$ 641,575	\$ 641,575	\$ -	\$ 2,020,920	31.7467%
2020	MPERS	674,058	674,058	-	2,034,122	33.1375%
2019	MPERS	606,288	606,288	-	1,872,730	32.3746%
2018	MPERS	594,793	594,793	-	1,887,441	31.5132%
2017	MPERS	552,717	552,717	-	1,766,587	31.2873%
2016	MPERS	543,670	543,670	-	1,762,885	30.8398%
2015	MPERS	530,514	530,514	-	1,742,235	30.4502%
2014	MPERS	583,058	583,058	-	1,866,063	31.2454%
2021	FRSL	\$ 417,470	\$ 417,470	\$ -	\$ 1,264,999	33.0016%
2020	FRSL	352,316	352,316	-	1,174,371	30.0004%
2019	FRSL	335,756	335,756	-	1,238,086	27.1190%
2018	FRSL	328,753	328,753	-	1,240,579	26.5000%
2017	FRSL	340,232	340,232	-	1,315,095	25.8713%
2016	FRSL	342,473	342,473	-	1,308,677	26.1694%
2015	FRSL	345,454	345,454	-	1,226,730	28.1606%
2014	FRSL	373,519	373,519	-	1,299,057	28.7531%

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered payroll amount for the year ended December 31 of each year

The three Retirement Systems reported in this schedule are as follows:

Multiple Employer Cost Sharing Pension Plans:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

FRSL = Firefighters Retirement System of Louisiana

CITY OF BOGALUSA, LOUISIANA
Notes to the Required Supplemental Information
December 31, 2021
(UNAUDITED)

a. Changes in benefit terms and assumptions related to total other post-employment benefit liability

Changes of Benefit Terms

There were no changes to the benefit terms that affected the total OPEB liability

Changes of Assumptions

Discount Rate assumption

<u>Measurement Date</u>	<u>Rate</u>	<u>Change</u>
12/31/2021	2.06%	(0.06%)
12/31/2020	2.12%	(0.62%)
12/31/2019	2.74%	(1.36%)
12/31/2018	4.10%	0.66%
12/31/2017	3.44%	

Mortality assumption

The mortality rate table used in the actuarial valuation changed from RP-2000 Mortality Table to the SOA RP-2014 Combined Table for the year ended December 31, 2020, the end of the current measurement period.

Healthcare Cost Trend Rate assumption

The healthcare cost trend rate changed from an annual flat 5.5% rate to a variable rate (see Note 19) for the year ended December 31, 2021, the end of the current measurement period.

b. Changes in benefit terms and assumptions related to multiple employer cost sharing pension plans

Changes of Benefit Terms include:

Municipal Employees' Retirement System (MERS)

- No Changes

Municipal Police Employees' Retirement System (MPERS)

- No Changes

Firefighters' Retirement System Louisiana (FRSL)

- No Changes

CITY OF BOGALUSA, LOUISIANA
Notes to the Required Supplemental Information
December 31, 2021
(UNAUDITED)

b. Changes in benefit terms and assumptions related to multiple employer cost sharing pension plans (continued)

Changes of Assumptions

Discount Rate assumption

The following discount rate changes were made to the pension plans identified in the following table:

Discount Rate:		
Year (*)	Rate	Change
MERS		
2021	6.850%	-0.100%
2020	6.950%	-0.050%
2019	7.000%	-0.275%
2018	7.275%	-0.125%
2017	7.400%	-0.100%
2016	7.500%	0.000%
2015	7.500%	-0.250%
2014	7.750%	
MPERS		
2021	6.750%	-0.200%
2020	6.950%	-0.175%
2019	7.125%	-0.075%
2018	7.200%	-0.125%
2017	7.325%	-0.175%
2016	7.500%	0.000%
2015	7.500%	0.000%
2014	7.500%	
FRSL		
2021	6.900%	-0.100%
2020	7.000%	-0.150%
2019	7.150%	-0.150%
2018	7.300%	-0.100%
2017	7.400%	-0.100%
2016	7.500%	0.000%
2015	7.500%	

(*) The amounts presented have a measurement date of the previous June 30th fiscal year end.

CITY OF BOGALUSA, LOUISIANA
Schedule of Changes in Net Pension Liability and Related Ratios
City of Bogalusa Employees' Retirement System only
For the Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Total pension liability:							
Service Cost	\$ 240,133	\$ 385,555	\$ 510,150	\$ 577,141	\$ 640,501	\$ 450,028	\$ 573,567
Interest	1,209,342	1,002,661	813,074	812,035	825,027	510,581	802,188
Difference between expected and actual experience	(220,991)	(292,625)	1,382,875	(762,795)	(2,493,396)	4,249,842	(472,600)
Changes in assumptions	32,763	(5,952,127)	(3,303,869)	-	-	-	-
Benefit payments	(1,114,329)	(1,063,390)	(1,051,310)	(1,133,375)	(1,128,999)	(1,152,324)	(1,050,370)
Net change in total pension liability	146,918	(5,919,926)	(1,649,080)	(506,994)	(2,156,867)	4,058,127	(147,215)
Total pension liability - beginning	18,922,292	24,842,218	26,491,298	26,998,292	29,155,159	25,097,032	25,244,247
Total pension liability - ending	<u>\$ 19,069,210</u>	<u>\$ 18,922,292</u>	<u>\$ 24,842,218</u>	<u>\$ 26,491,298</u>	<u>\$ 26,998,292</u>	<u>\$ 29,155,159</u>	<u>\$ 25,097,032</u>
Plan fiduciary net position:							
Contributions employer	\$ 3,448,305	\$ 1,041,061	\$ 736,243	\$ 421,769	\$ 397,604	\$ 371,358	\$ 348,426
Contributions employee	132,678	134,404	128,401	122,155	109,830	98,567	97,978
Net investment income (loss)	1,102,811	105,991	234,872	200,457	359,096	(14,146)	248,314
Benefit payments, refunds and expenses	(1,114,329)	(1,063,390)	(1,051,310)	(1,133,375)	(1,128,999)	(1,152,324)	(1,050,859)
Other	-	(4,842)	(1,191)	(1,416)	(1,702)	(2,338)	-
Change in plan fiduciary net position	3,569,465	213,224	47,015	(390,410)	(264,171)	(698,883)	(356,141)
Plan fiduciary net position - beginning	4,506,764	4,293,540	4,246,525	4,636,935	4,901,106	5,599,989	5,956,130
Plan fiduciary net position - ending	<u>\$ 8,076,229</u>	<u>\$ 4,506,764</u>	<u>\$ 4,293,540</u>	<u>\$ 4,246,525</u>	<u>\$ 4,636,935</u>	<u>\$ 4,901,106</u>	<u>\$ 5,599,989</u>
Net pension liability - beginning	\$ 14,415,528	\$ 20,548,678	\$ 22,244,773	\$ 22,361,357	\$ 24,254,053	\$ 19,497,043	\$ 19,497,043
Change in net pension liability	(3,422,547)	(6,133,150)	(1,696,095)	(116,584)	(1,892,696)	4,757,010	208,926
Net pension liability - ending	<u>\$ 10,992,981</u>	<u>\$ 14,415,528</u>	<u>\$ 20,548,678</u>	<u>\$ 22,244,773</u>	<u>\$ 22,361,357</u>	<u>\$ 24,254,053</u>	<u>\$ 19,705,969</u>
Plan fiduciary net position as a percentage of the total pension liability	42.35%	23.82%	17.28%	16.03%	17.17%	16.81%	22.31%

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

CITY OF BOGALUSA, LOUISIANA
Schedule of Single Employer Plan Contributions
City of Bogalusa Employees' Retirement System only
For the Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,113,041	\$ 1,424,671	\$ 1,114,238	\$ 1,160,114	\$ 1,126,471	\$ 1,100,137
Contributions in relation to the actuarially determined contribution	<u>3,580,983</u>	<u>1,175,465</u>	<u>864,644</u>	<u>543,924</u>	<u>507,434</u>	<u>469,925</u>
Contribution deficiency (excess)	<u>(2,467,942)</u>	<u>249,206</u>	<u>249,594</u>	<u>616,190</u>	<u>619,037</u>	<u>630,212</u>
Covered payroll	\$ 2,211,300	\$ 2,240,053	\$ 2,137,612	\$ 2,023,237	\$ 1,856,076	\$ 1,642,781
Actuarially determined contributions as a percentage of covered payroll	50.33%	63.60%	52.13%	57.34%	60.69%	66.97%
Actual contributions in relation to actuarially determined contributions as a percentage of covered payroll	161.94%	52.47%	40.45%	26.88%	27.34%	28.61%
Contribution deficiency (excess) as a percentage of covered payroll	-111.61%	11.13%	11.68%	30.46%	33.35%	38.36%

Notes to schedule:

Actuarial cost method	Entry age normal cost
Amortization method	Level dollar, closed
Remaining amortization period	30 years - Unfunded Accrued Liability (UAL) as of 6/30/2013 15 years - Changes in UAL after 6/30/2013
Asset valuation method	Market value
Discount rate	6.50% - 2021 & 2020, 4.06% - 2019, 3.071% - 2018, 2.878% - 2017; 2.093% - 2016; 3.208% 2015 and 2014
Inflation	3.50%
Salary increases	4.5% per year
Investment rate of return	6.50%
Retirement age	It has been assumed that retirements will not occur at any one age, but that the plan will experience retirements at different rates from age 50 through age 69. It is assumed that everyone will retire by the age of 69.
Mortality	<i>Healthy mortality</i> - Actives - PubG.H-2010(B) Mortality Table for Employees Retired & Terminated Lives - PubG.H-2010(B) Mortality Table for Healthy Retirees Beneficiaries - PubG.H-2010(B) Mortality Table for Contingent Survivors <i>Disabled mortality</i> - PubG.H-2010 Mortality Table for Disabled Retirees

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

CITY OF BOGALUSA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Ad valorem taxes	\$ 2,483,540	\$ 2,478,655	\$ 2,476,905	\$ (1,750)
Sales taxes	3,278,605	3,448,695	3,487,107	38,412
Other taxes	17,200	16,170	37,489	21,319
Licenses and permits	353,940	389,020	394,248	5,228
Franchise fees	294,720	343,760	377,310	33,550
Intergovernmental	407,000	529,710	490,610	(39,100)
Charges for services	106,005	131,175	132,878	1,703
Fines	144,200	45,845	41,948	(3,897)
Interest	235	645	747	102
Miscellaneous	134,470	341,890	265,893	(75,997)
Total revenues	<u>7,219,915</u>	<u>7,725,565</u>	<u>7,705,135</u>	<u>(20,430)</u>
Expenditures:				
Current -				
General government	2,899,805	3,209,485	2,972,895	236,590
Public safety	5,634,280	5,912,755	5,952,788	(40,033)
Public works	1,641,085	1,681,410	1,676,199	5,211
Airport	84,960	102,160	96,783	5,377
Capital outlay	-	-	-	-
Intergovernmental	266,545	211,255	209,951	1,304
Total expenditures	<u>10,526,675</u>	<u>11,117,065</u>	<u>10,908,616</u>	<u>208,449</u>
Deficiency of revenues under expenditures	<u>(3,306,760)</u>	<u>(3,391,500)</u>	<u>(3,203,481)</u>	<u>188,019</u>
Other financing sources (uses):				
Proceeds from disposal of capital assets	-	29,660	40,764	11,104
Transfers to other funds	(19,000)	-	(139,821)	(139,821)
Transfers from other funds	3,325,760	3,200,985	3,214,483	13,498
	<u>3,306,760</u>	<u>3,230,645</u>	<u>3,115,426</u>	<u>(115,219)</u>
Net change in fund balance	<u>-</u>	<u>(160,855)</u>	<u>(88,055)</u>	<u>72,800</u>
Fund balance, beginning	<u>2,541,144</u>	<u>2,640,546</u>	<u>2,640,546</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,541,144</u>	<u>\$ 2,479,691</u>	<u>\$ 2,552,491</u>	<u>\$ 72,800</u>

See accompanying independent auditor's report.

CITY OF BOGALUSA
SCHEDULE OF REVENUES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Taxes:				
Ad valorem taxes	\$ 2,483,540	\$ 2,478,655	\$ 2,476,905	\$ (1,750)
Sales tax	3,278,605	3,448,695	3,487,107	38,412
Beer tax	16,800	15,120	15,021	(99)
Bogalusa Housing Authority taxes	-	-	21,098	21,098
Tax certificates	400	1,050	1,370	320
Total taxes	5,779,345	5,943,520	6,001,501	57,981
Licenses and permits:				
Occupational licenses and interest	343,350	376,395	378,860	2,465
Alcoholic beverages licenses and permits	10,240	12,220	12,965	745
Electrical permits	300	275	645	370
Chain Store Licenses	-	-	-	-
Miscellaneous permits	50	130	252	122
Burial Permits and other	-	-	1,526	1,526
Total licenses and permits	353,940	389,020	394,248	5,228
Franchise fees				
Entergy Electrical	197,590	229,245	253,670	24,425
Centerpoint Natural Gas	77,200	85,660	98,128	12,468
Charter Cable TV	-	4,285	4,761	476
AT&T and Hunt Franchise Fee	19,320	22,955	19,597	(3,358)
Southern Lighting of LA	610	1,615	1,154	(461)
Total franchise fees	294,720	343,760	377,310	33,550
Intergovernmental:				
State Supplemental Pay	354,000	346,235	348,766	2,531
Federal Emergency Management Agency	-	42,970	-	(42,970)
Coronavirus Relief Funds	-	-	-	-
LCLE Receipts	-	13,960	14,439	479
DODT Grant	-	-	-	-
Airport State Grant	-	18,210	6,208	(12,002)
Louisiana Safety Commission Grant	17,000	47,995	41,580	(6,415)
Louisiana Facilities Planning	-	-	-	-
Bogalusa School Board	-	-	-	-
Department of Justice Grant	36,000	60,340	79,617	19,277
Total intergovernmental	407,000	529,710	490,610	(39,100)

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF REVENUES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Charges for services:				
Zoning change charges	\$ 1,000	\$ 2,060	\$ 2,057	\$ (3)
Certified letters	-	-	-	-
Wreck and fire reports	6,900	8,525	9,005	480
Pound fees	300	185	260	75
Witness fees	6,050	10,835	10,590	(245)
Recording deeds	(5,000)	(4,400)	(4,840)	(440)
Research fees	3,000	785	725	(60)
Bonding fees	29,255	44,205	46,355	2,150
Fingerprint fees	2,200	3,300	3,200	(100)
Archon collection fee	62,300	65,480	65,326	(154)
Miscellaneous	-	200	200	-
Total charges for services	106,005	131,175	132,878	1,703
Fines and Penalties				
Court Fines	144,200	45,845	41,948	(3,897)
Total fines	144,200	45,845	41,948	(3,897)
Interest:				
Interest earned	200	555	656	101
Cassidy Park Campground Donations & Interest	-	15	16	1
Main Street Donations & Interest	10	5	4	(1)
Retirement Interest Earned	25	70	71	1
Total interest earned	235	645	747	102
Miscellaneous:				
2% fire insurance	60,700	59,235	59,235	-
Cemetery plot sales	15,200	14,000	21,000	7,000
Airport income	3,200	-	-	-
Returned checks charges	-	70	70	-
Police seized funds	5,200	9,860	6,214	(3,646)
Over and short	-	-	1	1
Sale of adjudicated property	-	4,080	4,082	2
Xerox receipts	-	150	269	119
Rental Income	940	900	900	-
Conexis Premium Account	-	(1,790)	537	2,327
Insurance Proceeds	-	130,310	-	(130,310)
Worker's Compensation Reimbursement	5,000	17,025	17,995	970
Other miscellaneous revenue	44,230	108,050	155,590	47,540
Total miscellaneous	134,470	341,890	265,893	(75,997)
TOTAL REVENUES	\$ 7,219,915	\$ 7,725,565	\$ 7,705,135	\$ (20,430) (concluded)

See accompanying independent auditor's report.

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
General Government:				
<i>City Council:</i>				
Salaries and wages	\$ 81,450	\$ 81,495	\$ 81,937	\$ (442)
Contract overtime	1,055	1,055	1,054	1
Overtime	-	45	167	(122)
Supplies and expense	5,635	2,945	5,637	(2,692)
Employee group insurance	8,480	8,235	8,233	2
Travel	-	240	239	1
Auditing fees	80,000	60,000	69,784	(9,784)
Publications	7,210	4,005	4,743	(738)
City Employment Retirement System	3,465	2,110	2,111	(1)
Payroll Tax Expense	4,360	4,365	4,363	2
<i>Total City Council</i>	<u>191,655</u>	<u>164,495</u>	<u>178,268</u>	<u>(13,773)</u>
<i>Mayor's Office:</i>				
Salaries and wages	110,915	133,355	132,981	374
Contract overtime	1,095	1,195	1,194	1
Overtime	-	175	187	(12)
Supplies and expense	12,560	12,410	11,482	928
Gas and oil	1,860	1,120	1,008	112
Employee group insurance	16,960	19,905	19,904	1
Travel	1,000	1,435	1,434	1
Dues and subscriptions	-	-	1,000	(1,000)
City Employment Retirement System	3,590	6,095	5,944	151
Mayor's Municipal State Retirement System	23,420	23,400	23,401	(1)
Payroll Tax Expense	1,625	1,955	1,935	20
<i>Total Mayor's Office</i>	<u>173,025</u>	<u>201,045</u>	<u>200,470</u>	<u>575</u>
<i>City Attorney:</i>				
Legal and professional	24,000	24,040	24,000	40
<i>Total City Attorney</i>	<u>24,000</u>	<u>24,040</u>	<u>24,000</u>	<u>40</u>
<i>City Prosecutor:</i>				
Salaries and wages	55,385	55,360	56,111	(751)
Contract overtime	1,085	1,085	1,086	(1)
Overtime	2,000	1,080	1,245	(165)
Supplies and expense	700	610	433	177
Employee group insurance	8,480	8,235	8,233	2
City Employment Retirement System	3,790	3,680	3,696	(16)
Payroll Tax Expense	2,335	2,325	2,346	(21)
<i>Total City Prosecutor</i>	<u>\$ 73,775</u>	<u>\$ 72,375</u>	<u>\$ 73,150</u>	<u>\$ (775)</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<i>Personnel:</i>				
Salaries and wages	\$ 46,765	\$ 46,730	\$ 47,130	\$ (400)
Supplies and expense	500	580	499	81
Employee group insurance	8,480	8,235	8,233	2
City Employment Retirement System	5,145	5,140	5,140	-
<i>Total personnel</i>	60,890	60,685	61,002	(317)
<i>Administration and Finance:</i>				
Salaries and wages	286,280	324,580	327,663	(3,083)
Contract overtime	5,240	5,975	6,019	(44)
Overtime	2,500	2,810	2,201	609
Uniform expense	1,750	1,750	1,750	-
Supplies and expense	35,305	29,385	33,615	(4,230)
Gas and oil	250	-	-	-
Employee group insurance	59,350	52,150	52,146	4
Travel	150	-	-	-
City Employment Retirement System	26,320	30,295	30,166	129
Payroll Tax Expense	4,375	4,955	4,941	14
<i>Total administration and finance</i>	421,520	451,900	458,501	(6,601)
<i>Purchasing:</i>				
Salaries and wages	31,240	31,215	31,483	(268)
Overtime	-	115	114	1
Supplies and expense	500	100	6	94
Advertising	3,000	955	1,200	(245)
City Employment Retirement System	3,440	3,450	3,446	4
Payroll Tax Expense	455	455	455	-
<i>Total purchasing</i>	\$ 38,635	\$ 36,290	\$ 36,704	\$ (414)

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<i>General and Administrative:</i>				
Insurance expense	1,069,540	870,375	884,276	(13,901)
Legal and other professional	280,000	188,100	198,320	(10,220)
Utilities expense	296,000	296,160	291,533	4,627
Coronor's expense	38,840	38,315	30,119	8,196
Wash. Parish Veterans Office	-	-	4,756	(4,756)
Municipal fire and police - civil service	3,600	3,700	3,696	4
Employee Relations	-	2,330	1,331	999
Assessor's expenses	8,000	6,500	5,608	892
Advertising	20,500	16,500	13,018	3,482
Miscellaneous	36,500	10,795	9,837	958
Election expense	20,000	15,000	-	15,000
Planning and zoning	3,600	3,600	3,600	-
Sales Tax Collection Expense	49,025	50,230	-	50,230
Main Street expenses	-	3,000	3,000	-
City beautification project	3,000	930	928	2
ARCHON Information Services	67,700	65,970	62,969	3,001
Grant Expenses	-	-	3,201	(3,201)
Hurricane and Disaster Expenditures	20,000	627,150	424,608	202,542
<i>Total general and administrative</i>	<u>1,916,305</u>	<u>2,198,655</u>	<u>1,940,800</u>	<u>257,855</u>
Total general government	<u>\$ 2,899,805</u>	<u>\$ 3,209,485</u>	<u>\$ 2,972,895</u>	<u>\$ 236,590</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Public Safety</u>				
<i>Police:</i>				
Salaries and wages	\$ 1,377,905	\$ 1,449,075	\$ 1,463,983	\$ (14,908)
Contract overtime	144,645	144,655	145,126	(471)
Overtime	217,000	273,750	271,565	2,185
State supplemental pay	174,000	179,135	181,633	(2,498)
Uniform allowance	15,200	21,080	19,758	1,322
Supplies and expense	55,185	73,830	89,733	(15,903)
Signs and maintenance	2,500	13,330	11,338	1,992
Gas and oil	50,280	52,385	55,544	(3,159)
Tools and small equipment	20,000	34,445	28,477	5,968
Employee group insurance	322,165	308,755	309,441	(686)
Travel	6,310	3,275	3,353	(78)
Repairs - equipment and radios	1,500	12,795	8,152	4,643
Equipment	-	12,000	12,760	(760)
Special investigations	500	3,000	2,800	200
Narcotics investigations	-	-	5,000	(5,000)
Education and training	6,230	4,260	5,875	(1,615)
City Employment Retirement System	3,145	4,235	4,239	(4)
Reserve Officer Expenses	15,000	5,095	5,095	-
Police State Pension	562,935	539,560	533,483	6,077
Payroll Tax Expense	27,750	29,955	29,783	172
Bonding Fees	25,635	-	-	-
<i>Total police</i>	<u>3,027,885</u>	<u>3,164,615</u>	<u>3,187,138</u>	<u>(22,523)</u>
<i>Fire:</i>				
Salaries and wages	1,230,360	1,264,630	1,289,961	(25,331)
Contract overtime	141,810	124,575	123,906	669
Overtime	275,835	432,120	427,748	4,372
Holiday pay	-	-	-	-
State supplemental pay	168,000	155,100	155,133	(33)
Tools and small equipment	20,000	11,295	14,438	(3,143)
Uniform allowance	12,800	15,970	14,875	1,095
Supplies and expense	21,560	16,350	22,886	(6,536)
Equipment	-	-	-	-
Gas and oil	13,900	18,680	19,033	(353)
Employee group insurance	271,300	236,350	237,349	(999)
Travel	3,675	6,565	6,283	282
Repair - equipment	8,410	8,830	4,942	3,888
Education and training	5,970	5,500	4,500	1,000
Fire State Pension	406,445	424,955	417,470	7,485
Payroll Tax Expense	26,330	27,220	27,126	94
<i>Total fire</i>	<u>2,606,395</u>	<u>2,748,140</u>	<u>2,765,650</u>	<u>(17,510)</u>
Total public safety	<u>\$ 5,634,280</u>	<u>\$ 5,912,755</u>	<u>\$ 5,952,788</u>	<u>\$ (40,033)</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Public Works</u>				
<i>Public works - central:</i>				
Salaries and wages	\$ 733,495	\$ 757,500	\$ 776,954	\$ (19,454)
Overtime	96,785	134,570	123,285	11,285
Contract overtime	1,945	1,945	1,945	-
Allowance - rainsuits, clothing	1,540	1,820	1,668	152
Supplies and expense	36,620	49,730	43,880	5,850
Equipment	-	-	-	-
Gas and oil	51,640	39,240	44,044	(4,804)
Tools and Equipment	20,000	9,240	10,310	(1,070)
Cemetery maintenance materials	5,000	19,905	28,258	(8,353)
Uniform expense	10,000	890	887	3
Employee group insurance	203,470	162,265	160,560	1,705
Travel	500	2,705	2,701	4
Education & Training	100	-	-	-
Repairs - equipment	1,810	12,365	7,950	4,415
City Employment Retirement System	86,235	86,160	82,650	3,510
Payroll Tax Expense	14,765	18,180	18,416	(236)
<i>Total public works - central</i>	<u>1,263,905</u>	<u>1,296,515</u>	<u>1,303,508</u>	<u>(6,993)</u>
<i>Public works - electrical:</i>				
Salaries and wages	43,725	43,715	44,166	(451)
Overtime	5,000	11,450	8,371	3,079
Allowance - rainsuits, clothing	130	130	130	-
Supplies and expense	7,700	6,990	5,859	1,131
Tools and equipment	5,000	-	-	-
Employee group insurance	8,480	8,235	8,233	2
City Employment Retirement System	5,360	5,885	5,637	248
Payroll Tax Expense	705	790	756	34
<i>Total public works - electrical</i>	<u>76,100</u>	<u>77,195</u>	<u>73,152</u>	<u>4,043</u>
<i>Public works - motor pool:</i>				
Salaries and wages	84,370	72,395	66,861	5,534
Overtime	25,000	20,375	19,694	681
Allowance - rainsuits, clothing	210	210	210	-
Supplies and expense	21,235	14,305	11,082	3,223
Tools and equipment	6,135	6,165	3,932	2,233
Gas and oil	7,560	9,150	7,837	1,313
Employee group insurance	25,435	13,695	13,693	2
Vehicle maintenance - general	3,200	16,220	12,581	3,639
Vehicle maintenance - police	50,125	56,815	53,928	2,887
Vehicle maintenance - fire	29,945	30,195	39,288	(9,093)
Vehicle maintenance - public works	33,750	56,210	59,679	(3,469)
Licenses - chauffeurs	500	500	244	256
City Employment Retirement System	12,030	10,115	9,274	841
Payroll Tax Expense	1,585	1,350	1,236	114
<i>Total public works - motor pool</i>	<u>301,080</u>	<u>307,700</u>	<u>299,539</u>	<u>8,161</u>
Total public works	<u>\$ 1,641,085</u>	<u>\$ 1,681,410</u>	<u>\$ 1,676,199</u>	<u>\$ 5,211</u>

See accompanying independent auditor's report.

(continued)

CITY OF BOGALUSA
SCHEDULE OF EXPENDITURES (BUDGET TO ACTUAL)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Airport:				
State airport grant expense	\$ -	\$ -	\$ -	\$ -
Utilities	50,400	64,130	64,078	52
Maintenance	18,920	25,000	20,817	4,183
Supplies and expense	7,480	7,390	4,602	2,788
Gas & oil	1,660	805	402	403
Insurance-Property Damage	6,500	4,835	6,884	(2,049)
Total airport	<u>84,960</u>	<u>102,160</u>	<u>96,783</u>	<u>5,377</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental :				
City court personnel compensation	204,185	203,550	203,825	(275)
City court supplies and expense	62,360	7,705	6,126	1,579
Total intergovernmental	<u>266,545</u>	<u>211,255</u>	<u>209,951</u>	<u>1,304</u>
TOTAL EXPENDITURES	<u>\$ 10,526,675</u>	<u>\$ 11,117,065</u>	<u>\$ 10,908,616</u>	<u>\$ 208,449</u> (concluded)

See accompanying independent auditor's report.

CITY OF BOGALUSA
BUDGETARY COMPARISON SCHEDULE
AMERICAN RESCUE PLAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Interest	\$ -	\$ 320	\$ 317	\$ (3)
Intergovernmental	-	2,127,390 *	-	(2,127,390)
Total revenues	<u>-</u>	<u>2,127,710</u>	<u>317</u>	<u>(2,127,393)</u>
Expenditures:				
General Government	-	-	-	-
Economic Development	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	2,127,710	317	(2,127,393)
Other financing uses:				
Transfers out to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>2,127,710</u>	<u>317</u>	<u>(2,127,393)</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 2,127,710</u>	<u>\$ 317</u>	<u>\$ (2,127,393)</u>
* Reconciliation of budgetary basis intergovernmental revenue to GAAP basis:				
Intergovernmental revenue				
Budgetary basis	\$ -	\$ 2,127,390	\$ -	\$ (2,127,390)
GAAP basis (reported as unearned revenue)	-	(2,127,390)	-	2,127,390
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Other Supplemental Information

Non-Major Governmental Funds

CITY OF BOGALUSA, LOUISIANA
Non-Major Governmental Funds
December 31, 2021

Special Revenue Funds

Employee Pay Raise Sales Tax - Accounts for the receipt of a 1/2 cent sales and use tax. The proceeds are dedicated to the purpose of paying salaries and benefits of City employees. The tax is for an indefinite period.

Street Improvement Sales Tax - Accounts for the receipt of 25% of a one-cent sales and use tax. The proceeds are dedicated to street and drainage repair, maintenance, operation and additions.

Capital Improvement Sales Tax - Accounts for the receipt of 15% of a one-cent sales and use tax. The proceeds are dedicated to the acquisition, operation, and maintenance of land, buildings, and equipment.

Industrial Complex Rent/Lease - Accounts for the receipt of rent from the Industrial Park. Expenditures are not legally restricted for any certain purpose.

Industrial Complex Sales Tax - Accounts for the ¼-cent sales tax dedicated to pay retirement benefits and costs related to pensions including contributions to the City of Bogalusa Employees' Retirement System.

Youth Recreation and Parks - Accounts for the receipt of 50% of a 4-mill ad valorem tax dedicated for acquiring, constructing, improving, operating and maintaining parks and recreation facilities.

Jail Operations Sales Tax - Accounts for the receipt of one-third of one percent (1/3%) sales and use tax dedicated for improvements, maintenance and operation of the City Jail, including, but not limited to, the construction of additions to or expansions of the existing Bogalusa City Jail and for purchasing, maintaining and operating related equipment.

LCDBG Fund - Accounts for the receipt of the LCDBG grant dedicated to improvements and renovations of the water tower owned by the City.

Brownfields Assessment Grant Fund - Accounts for the receipt of Brownfields Assessment grant funds used for Type I assessments of property to be used for commercial purposes.

Retirement Special Fund - Accounts for the receipt of taxes that are dedicated for the City of Bogalusa Employees' Retirement System.

Landfill Fund - Accounts for the receipt of a 5-mill ad valorem tax dedicated to constructing, acquiring, improving, maintaining and/or operating landfill facilities for the city, including acquisition of land therefore. This fund also accounted for the City's investment in operations of the Choctaw Road Landfill, a joint venture with the Washington Parish Government; however, the joint venture was dissolved as of December 31, 2019.

Municipal Building Fund - Accounts for the receipt of a 2-mill ad-valorem tax dedicated to improvements and renovations to existing structures owned by the City.

Debt Service Funds

General Obligation Bond Sinking Fund - Accumulates monies for payment of the \$1,750,000 General Obligations Revenue Bonds, Series 2007 for street overlay.

CITY OF BOGALUSA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue Funds						
	Employee Pay Raise Sales Tax Fund	Street Improvement Sales Tax Fund	Capital Improvement Sales Tax Fund	Industrial Complex Rent/Lease Fund	Industrial Complex Sales Tax Fund	Youth Recreation and Parks Fund	Jail Operations Sales Tax Fund
ASSETS							
Cash and cash equivalents	\$ 106,547	\$ 175,727	\$ 36,404	\$ 263,093	\$ -	\$ 152,922	\$ 62,292
Property taxes receivable	-	-	-	-	-	35,446	-
Accounts receivable	129,372	64,686	38,760	9,992	-	-	88,470
Due from other funds	-	-	-	-	-	7,710	-
TOTAL ASSETS	235,919	240,413	75,164	273,085	-	196,078	150,762
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 235,919	\$ 240,413	\$ 75,164	\$ 273,085	\$ -	\$ 196,078	\$ 150,762
LIABILITIES							
Accounts payable	\$ -	\$ 116,462	\$ 329	\$ 600	\$ -	\$ 3,139	\$ 6,982
Accrued expenses	-	-	-	-	-	1,699	17,039
Due to other funds	234,919	-	73,835	-	-	-	472
Unearned revenue	-	-	-	5,000	-	-	-
TOTAL LIABILITIES	234,919	116,462	74,164	5,600	-	4,838	24,493
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	6,423	-
FUND BALANCES							
Restricted for:							
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	1,000	-	-	-	-
Maintenance	-	-	-	-	-	-	-
Special programs	1,000	123,951	-	267,485	-	184,817	126,269
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	1,000	123,951	1,000	267,485	-	184,817	126,269
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 235,919	\$ 240,413	\$ 75,164	\$ 273,085	\$ -	\$ 196,078	\$ 150,762

(continued)

See accompanying independent auditor's report

CITY OF BOGALUSA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue Funds					Debt Service Funds	Total Non-Major Governmental Funds
	LCDBG Fund	Brownsfield Assessment Grant Fund	Retirement Special Mill Fund	Landfill Fund	Municipal Building Fund	General Obligation Bond Sinking Fund	
ASSETS							
Cash and cash equivalents	\$ 100	\$ 5	\$ 277,580	\$ 381,499	\$ 514,519	\$ 165,471	\$ 2,136,159
Property taxes receivable	-	-	48,494	88,701	35,446	-	208,087
Accounts receivable	-	-	97,020	-	-	-	428,300
Due from other funds	-	-	3,363	6,151	2,458	-	19,682
Prepaid Expenses	-	-	-	-	-	-	-
TOTAL ASSETS	100	5	426,457	476,351	552,423	165,471	2,792,228
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 100	\$ 5	\$ 426,457	\$ 476,351	\$ 552,423	\$ 165,471	\$ 2,792,228
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 413,016	\$ 295,313	\$ 16,912	\$ -	\$ 852,753
Accrued expenses	-	-	-	-	-	-	18,738
Due to other funds	-	-	-	-	-	-	309,226
Unearned revenue	-	-	-	-	-	-	5,000
TOTAL LIABILITIES	-	-	413,016	295,313	16,912	-	1,185,717
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	13,441	16,064	6,423	-	42,351
FUND BALANCES							
Restricted for:							
Debt service	-	-	-	-	-	165,471	165,471
Capital projects	-	-	-	-	529,088	-	530,088
Maintenance	-	5	-	164,974	-	-	164,979
Special programs	100	-	-	-	-	-	703,622
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	100	5	-	164,974	529,088	165,471	1,564,160
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 100	\$ 5	\$ 426,457	\$ 476,351	\$ 552,423	\$ 165,471	\$ 2,792,228

(concluded)

See accompanying independent auditor's report

CITY OF BOGALUSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds					
	Employee Pay	Street	Capital	Industrial	Industrial	Youth
	Sales Tax Fund	Improvement	Improvement	Complex	Complex Sales	Recreation and
	Sales Tax Fund	Sales Tax Fund	Sales Tax Fund	Rent/Lease	Tax Fund	Parks Fund
	Sales Tax Fund	Sales Tax Fund	Sales Tax Fund	Fund	Tax Fund	Jail Operations
	Sales Tax Fund	Sales Tax Fund	Sales Tax Fund	Fund	Tax Fund	Sales Tax Fund
Revenues:						
Ad valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,546
Sales Taxes	1,316,451	658,226	394,409	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	18	159	198	120	-	46
Rent	-	-	-	339,020	-	-
Miscellaneous	-	-	9,108	-	-	16,115
Total revenues	1,316,469	658,385	403,715	339,140	-	194,707
Expenditures:						
Current:						
General government	-	-	-	-	-	212
Public safety	-	-	-	-	-	-
Public works	-	812,911	73,218	-	-	-
Landfill	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	179,268
Economic Development	-	-	-	259,873	68	-
Capital outlay	-	-	1,017,207	28,250	-	6,518
Debt Service:						
Capital lease payments	-	-	64,000	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	4,048	-	-	-
Total expenditures	-	812,911	1,158,473	288,123	68	185,998
Excess (deficiency) of revenues over (under) expenditures	1,316,469	(154,526)	(754,758)	51,017	(68)	8,709
Other financing sources (uses):						
Transfers to other funds	(1,316,469)	-	-	(25,000)	-	-
Transfers from other funds	-	-	139,821	-	-	-
	(1,316,469)	-	139,821	(25,000)	-	-
Net change in fund balance	-	(154,526)	(614,937)	26,017	(68)	8,709
Fund balance, beginning	1,000	278,477	615,937	241,468	68	176,108
Fund balance, ending	\$ 1,000	\$ 123,951	\$ 1,000	\$ 267,485	\$ -	\$ 184,817
						\$ 126,269

See accompanying independent auditor's report

(continued)

CITY OF BOGALUSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds					Debt Service Funds General Obligation Bond Sinking Fund	Total Non- Major Governmental Funds
	LCDBG Fund	Brownsfield Assessment Grant Fund	Retirement Special Mill Fund	Landfill Fund	Municipal Building Fund		
Revenues:							
Ad valorem Taxes	\$ -	\$ -	\$ 239,627	\$ 446,822	\$ 178,552	\$ 1,011	\$ 1,044,558
Sales Taxes	-	-	987,251	-	-	-	4,224,914
Intergovernmental	-	-	-	-	-	-	40,500
Interest	-	-	38	38	218	104	947
Rent	-	-	-	-	-	-	339,020
Miscellaneous	-	-	68	-	-	-	74,004
Total revenues	-	-	1,226,984	446,860	178,770	1,115	5,723,943
Expenditures:							
Current:							
General government	-	-	1,226,984	-	-	-	1,227,196
Public safety	-	-	-	-	-	-	866,753
Public works	-	-	-	-	-	-	886,129
Landfill	-	-	-	295,312	-	-	295,312
Culture and Recreation	-	-	-	-	120,266	-	299,534
Economic Development	-	-	-	-	-	-	259,941
Capital outlay	-	-	-	-	34,680	-	1,086,655
Debt Service -							
Capital lease payments	-	-	-	-	-	-	64,000
Principal	-	-	-	156,000	-	150,000	306,000
Interest	-	-	-	-	-	11,041	15,089
Total expenditures	-	-	1,226,984	451,312	154,946	161,041	5,306,609
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(4,452)	23,824	(159,926)	417,334
Other financing sources (uses):							
Transfers to other funds	-	-	-	-	-	-	(1,341,469)
Transfers from other funds	-	-	-	-	-	-	139,821
	-	-	-	-	-	-	(1,201,648)
Net change in fund balance	-	-	-	(4,452)	23,824	(159,926)	(784,314)
Fund balance, beginning	100	5	-	169,426	505,264	325,397	2,348,474
Fund balance, ending	\$ 100	\$ 5	\$ -	\$ 164,974	\$ 529,088	\$ 165,471	\$ 1,564,160
See accompanying independent auditor's report.							(concluded)

Schedule Required by State Law LSA RS 24:513A(1)(a)(3)

CITY OF BOGALUSA, LOUISIANA
Schedule Required by State Law LSA RS 24:513A(1)(a)(3):
Schedule of Compensation, Benefits and Other Payments to Agency Head
December 31, 2021

The following schedule is required by Louisiana State Law LSA RS 24:513(1)(a)(3) on compensation and benefits paid to the agency head:

Agency Head Name: Wendy O'Quin Perrette, Mayor

Purpose	Amount
Salary	\$ 79,326
Benefits-insurance - health	8,233
Benefits-insurance - life	189
Benefits-retirement	23,401
Payroll Taxes	1,150
Car Allowance	1,008
Travel	1,434
Membership dues (LMA)	1,000
	<hr/>
	\$ 115,741

See accompanying independent auditor's report.

Schedules Required by State Law Act 87 RS 24:515.2

CITY OF BOGALUSA, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING AND DISBURSING
FOR THE YEAR ENDED DECEMBER 31, 2021

This schedule was prescribed by the Louisiana Legislative Auditor's Office as required
by Act 87 of the 2020 Regular Session

	First Six Month Period Ended 06/30/2021	Second Six Month Period Ended 12/31/2021
Cash Basis Presentation		
Beginning Balance of Amounts Collected	\$ 12,218	\$ 4,464
Add: Collections		
Asset Forfeiture/Sale	33,264	45,691
Subtotal Collections	33,264	45,691
Less: Disbursements To Governments & Nonprofits:		
22nd Judicial Court - District Attorney/Asset Forfeitures	28,800	43,941
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Asset Forfeiture	12,218	-
Subtotal Disbursements/Retainage	41,018	43,941
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 4,464	\$ 6,214
 Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i>	 \$ -	 \$ -
Other Information:		
 Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	 \$ -	 \$ -
 Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	 \$ -	 \$ -

See accompanying independent auditor's report.

CITY OF BOGALUSA, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING
FOR THE YEAR ENDED DECEMBER 31, 2021

This schedule was prescribed by the Louisiana Legislative Auditor's Office as required
by Act 87 of the 2020 Regular Session

Cash Basis Presentation	First Six Month Period Ended 06/30/2021	Second Six Month Period Ended 12/31/2021
Receipts From:		
<i>Bogalusa City Court/ Bonding Fees</i>	\$ 21,695	\$ 24,660
<i>Bogalusa City Court/ Criminal Court Costs Fees</i>	18,989	13,020
<i>Bogalusa City Court/ Criminal Fines Other</i>	7,293	2,645
<i>Bogalusa City Court/ Probation/Patrol/Supervision Fees</i>	-	-
<i>Bogalusa City Court/ Other</i>	5,260	5,330
Total Receipts	\$ 53,237	\$ 45,655
Ending Balance of Amounts Assessed but Not Received	\$ -	\$ -

See accompanying independent auditor's report.

Information Required by Debt Agreements

CITY OF BOGALUSA, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2021
(UNAUDITED)

Policy	Insurance Company	Term	Policy #	Coverage
Property/inland Marine	Scottsdale Insurance Company	3/25/2017 - 3/25/2018	CPS2627404	Various
		3/25/2018 - 03/25/2019	CPS279914	Various
		03/25/2019 - 03/25/2020	CPX2978250	Various
		03/25/2020-03/25/2021	CPS7086898	Various
		03/25/2021-03/25/2022	CPS7327438	Various
Electronic Equipment	Liberty Mutual	1/1/2017 - 1/1/2018	IM8107636	577,000
		1/1/2018 - 1/1/2019	IM8107636	577,000
		1/1/2019 - 1/1/2020	IM8107636	577,000
		1/1/2020 - 1/1/2021	BMW2160278339	577,000
		1/1/2021-1/1/2022	BMW2160278339	577,000
Equipment Breakdown	Travelers	1/1/2017 - 1/1/2018	M5J-BM1-1942X304-TIL17	100,000 each
		1/1/2018 - 1/1/2019	M5J-BM1-1942X304-TIL18	100,000 each
		1/1/2019 - 1/1/2020	M5J-BM1-1942X304-TIL19	100,000 each
		1/1/2020 - 1/1/2021	M5J-BM1-1942X304-TIL20	100,000 each
		01/01/2021-01/01/2022	MSJ-BM1-142X304-TIL21	100,000 each
Crime	Travelers	2/12/2017 - 2/12/2020	105562262	75,000
		2/12/2020 - 2/12/2023	105562262	75,000
Airport Liability Lessor's Risk Only	Old Republic Insurance Company	11/1/2016 - 11/1/2017	PR 00258804	2,000,000 each
		11/1/2017 - 11/1/2018	PR 00258805	2,000,000 each
		11/1/2018 - 11/1/2019	PR 00258805	2,000,000 each
		11/1/2019 - 11/1/2020	PR 00258805	2,000,000 each
		11/1/2020 - 11/1/2021	PR00258808	2,000,000 each
Automotive	Houston Specialty Insurance Co.	3/7/2017 - 3/7/2018	HSLR18-00073-06	Various
		3/7/2018 - 3/7/2019	HSLR18-00073-07	Various
		3/7/2019 - 3/7/2020	HSLR18-00073-08	Various
		3/7/2020 - 3/7/2021	HSLR18-00073-09	Various
		3/7/2021 - 3/7/2022	HSLR18-00073-10	Various
Automotive 2017 Chevy Traverse # 45492	Houston Specialty Insurance Co.	04/01/2021 - 04/ 01/2022	HSLR18-06805-02	500,000 Liability/ 100,000 Uninsured Motorist
Automotive 2006 Dodge Ram # 12518 2018 Dodge Ram # 64773 2018 Dodge Ram # 66319	Houston Specialty Insurance Co.	04/01/2021 - 04/01/2022	HSLR18-06801-02	500,000 Liability

See accompanying independent auditor's report.

CITY OF BOGALUSA, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
DECEMBER 31, 2021
(UNAUDITED)

Statistics on System Operations

- (a) As of December 31, 2021, there were 4,909 total metered customers for the water system.
- (b) The following rate schedules were in effect during the fiscal year for water services:

Water:

	<u>Residential and Commercial Inside City</u>	<u>Residential and Commercial Outside City</u>
First 3,000 gallons	\$ 16.32	\$ 32.64
Per additional 1,000 gallons	\$ 2.48	\$ 5.22

- (c) Average monthly billing per residential customer was:

Water, Sewer and Garbage Collection \$ 69.23

- (d) Average monthly billing per commercial customer was:

Water, Sewer and Garbage Collection \$ 190.75

See accompanying independent auditor's report.

Other Reports

ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

ROBERT A. NEILSON

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

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bogalusa, Louisiana (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Bogalusa's basic financial statements and have issued my report thereon dated June 30, 2022.

Report on Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that I consider to be a significant deficiency.

Report on Compliance and Other Matters

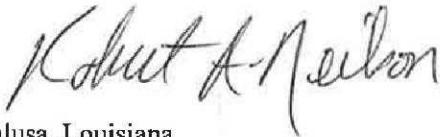
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001.

City of Bogalusa's Responses to Findings

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

Purpose of this Report

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



Bogalusa, Louisiana
June 30, 2022

ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

ROBERT A. NEILSON

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

To the Honorable Wendy O'Quin Perrette, Mayor
And the Members of the City Council
City of Bogalusa, Louisiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

In my 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 December 31, 2021.

Basis for Opinion on the Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-003. My opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

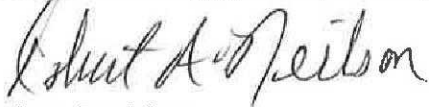
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-003 that I consider to be a significant deficiency.

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

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

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



Bogalusa, Louisiana
June 30, 2022

CITY OF BOGALUSA, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	Assistance Listing (AL) Number	Grant Numbers	Expenditures
United States Department of Justice			
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0374	76,318
Passed through the Louisiana Commission on Law Enforcement			
Edward Byrne Memorial Justice Assistant Grant	16.738	2019-MU-BX-0056	3,697
Edward Byrne Memorial Competitive Grant	16.751	2020-VD-BX-0261	10,742
Total United States Department of Justice			90,757
United States Department of Transportation			
Passed Through the Louisiana Department of Transportation:			
Airport Improvement Program	20.106	3-22-0007-021-2020/023-2021	1,070,864
National Highway Traffic Safety Administration (NHTSA)			
Passed Through the Louisiana Highway Safety Commission (LHSC)			
State and Community Highway Safety			
Total National Highway Traffic Safety Administration (NHTSA)	20.600 ¹	2021-30-14	41,580
Total United States Department of Transportation			1,112,444
TOTAL FEDERAL AWARDS			\$ 1,203,201

Clusters

Cluster Total

¹ Highway Safety Cluster

\$ 41,580

See notes to the Schedule of Expenditures of Federal Awards.

CITY OF BOGALUSA, LOUISIANA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note A – General

The City of Bogalusa's (the City) Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government. All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other agencies. The City of Bogalusa did not pass through any federal assistance to other entities.

Note B – Basis of Accounting

The City's Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the financial statements for the year ended December 31, 2021.

Note C – Indirect Costs

The City does not have a negotiated indirect cost rate. Also, the City elected to not use the 10% de minimis cost rate as allowed by 2 CFR 200.414 Indirect (F&A) costs.

Note D – Relationship to Financial Statements

The Schedule of Expenditures of Federal Awards (SEFA) was prepared from the same accounting records as were used to prepare the financial statements.

Federal awards are reported on the City's financial statements as follows:

	<u>Governmental Funds</u>
Intergovernmental Revenue	\$ 1,617,602
Less: State and other included in intergovernmental revenue	<u>(414,401)</u>
Total on Schedule of Expenditures of Federal Awards	<u>\$ 1,203,201</u>

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified for all opinion units presented. Adverse for the reporting entity due to the omission of discretely presented component units

Internal Control over Financial Reporting:

- Material weakness (es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X no
_____ yes _____ none reported

Noncompliance material to financial statements noted?

X yes _____ no

Federal Awards

Internal Control over Major Programs:

- Material weakness (es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X no
X yes _____ none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2, CFR 200.516(a)?

X yes _____ no

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

20.106

Airport Improvement Program

Dollar threshold used to distinguish between types A and B programs: \$750,000

The City of Bogalusa did **not** qualify as a low-risk auditee.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

B. Findings - Financial Reporting

2021-001

Bond Covenants

Criteria	The covenants of the Water Revenue Bonds, Series 2009 A and B, and the Revenue Refunding Bonds, the Assets, Revenue and Expenses of the water system operation are to be identified and accounted for separately.
Condition	A separate accounting for Water System Operations has not been developed. Parts of this finding are a repeat from the prior year.
Cause	The City's finance staff is not familiar with the terms of the bonds, and according to them, were misinformed by consultants regarding the need for separate accounting for the Water System Operations.
Effect	Violation of bond covenants.
Recommendation	The City should periodically review all bond covenants and ensure that the City is in compliance. Additionally, the Water and Sewer and Garbage Operations should be separated into separate funds.
Management's Response	The revenue and expenses are accounted for separately. The assets and liabilities have always been combined. We do not have the records to separate these. However, we will research this further to try to do so.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

B. Findings - Financial Reporting (continued)

2021-002

Capital Asset Records

Criteria	Capital asset records should be maintained in accordance LA Revised State 24:515. The capital asset system should capture information such as tagging numbers or identifying numbers, serial numbers, funding source, department, cost and dates of purchase and disposition.
Condition	Capital asset accounting records do not contain tagging or serial numbers or funding source. Additionally, the records are updated only once per year through a manual process lacking efficiency and automation. Part of this is a repeat finding.
Cause	Outdated accounting systems and processes.
Effect	Without a centralized and automated process, assets may go unaccounted for.
Recommendation	The City should centralize and automate its capital asset records and include all identifying information and donated assets.
Management's Response	The City has incorporated the current fixed assets into the financial accounting system. We are also researching software and equipment to tag the fixed assets.

CITY OF BOGALUSA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

C. Findings – Federal Award Programs

2021-003

REPORTING

Questioned Costs: N/A

U.S. Department of Transportation

20.106

Airport Improvement Program

Grant No(s): 3-22-0007-021-2020 / 3-22-0007-023-2021

Criteria Financial reports of federal programs must be filed timely in accordance with program regulations and guidance.

Condition The SF-425 Federal Financial Reports were not submitted for the program year 2021.

Universe/
Population The SF-425 Federal Financial Report is required to be submitted for each grant annually for a total of two (2) reports.

Effect The City is not in compliance with the reporting requirements of the Program. Controls over reporting are not functioning properly.

Cause This appears to be an administrative oversight.

Recommendation The City should complete and file the required reports. In addition, the City should develop policies and procedures to ensure the required reports are filed timely and correctly for each program year.

Management's
Response The City is working on completing all the required reports. We are hopeful that this error will not occur again.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2021

B. Findings – Financial Reporting

Noncompliance with laws, regulations, contracts and grant agreements

2020-001

Underfunded Retirement System

Criteria	State Law (R.S. 11:3031 – 3053) created the City of Bogalusa Employee's Retirement System (COBERS) and provides for its administration. R.S. 11:3045(A) states, "The City shall make contributions to the system each year on an actuarially funded basis, toward the annuities and benefits herein provided."
Condition	At June 30, 2020, the City's sponsored defined benefit pension plan (COBERS) was severely underfunded. The funded ratio at June 30, 2020 was 23.82% and the net pension liability was \$14,415,528. This is a repeat finding.
Cause	The stock market decline of 2008 combined with other demographic conditions such as an aging workforce and longevity of retirement have caused required contribution levels to increase. The City's budget has been unable to absorb these increases and therefore the increases have gone unfunded.
Effect	The assets held in trust are severely deficient of the amount needed to pay the pension benefits promised to employees over the long term.
Recommendation	Although the City increased the contributions made to COBERS during 2020 with the revenue from sales tax rededications and voter approval of an additional rededication of sales tax on July 11, 2020, the City should continue to find ways to provide additional funding to the retirement plan to ensure that the retirement system is actuarially funded in accordance with state law.
Management's Response	<p>The City's pension plan, as is the case with many defined benefit plans throughout the nation, is critically underfunded.</p> <p>In addition to sales tax rededications, the City added approximately \$2,000,000 to the retirement plan in December 2020 from the rededication of the Industrial Sales Tax fund. This was not reflected in the June 30, 2020 actuarial valuation.</p> <p>The City is also exploring ways to reduce expenditures so more funds will be available to contribute to the system.</p>
Current Status	With the additional funding from sales tax rededications, at June 30, 2021, the funded ratio was 42.35%. The net pension liability was reduced by \$3,422,547 to \$10,992,981.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2021

B. Findings - Financial Reporting (continued)

2020-002

Bond Covenants

Criteria	The covenants of the Water Revenue Bonds, Series 2009 A and B, and the Revenue Refunding Bonds, the Assets, Revenue and Expenses of the water system operation are to be identified and accounted for separately.
Condition	A separate accounting for Water System Operations has not been developed. Parts of this finding are a repeat from the prior year.
Cause	The City's finance staff is not familiar with the terms of the bonds, and according to them, were misinformed by consultants regarding the need for separate accounting for the Water System Operations.
Effect	Violation of bond covenants.
Recommendation	The City should periodically review all bond covenants and ensure that the City is in compliance. Additionally, the Water and Sewer and Garbage Operations should be separated into separate funds.
Management's Response	The revenue and expenses are accounted for separately. The assets and liabilities have always been combined. We do not have the records to separate these. However, we will research this further to try to do so.
Current Status	No change from prior year.

CITY OF BOGALUSA, LOUISIANA
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2021

B. Findings - Financial Reporting (continued)

Internal Control Matters

2020-003

Capital Asset Records

Criteria	Capital asset records should be maintained in accordance LA Revised State 24:515. Capital Asset system should capture information such as tagging numbers or identifying numbers, serial numbers, funding source, department, cost and dates of purchase.
Condition	Capital asset accounting records do not contain tagging or serial numbers or funding source. Additionally, the records are updated only once per year through a manual process lacking efficiency and automation. Part of this is a repeat finding.
Cause	Outdated accounting systems and processes.
Effect	Without a centralized and automated process, assets may go unaccounted for.
Recommendation	The City should centralize and automate its capital asset records and include all identifying information and donated assets.
Management's Response	The City has incorporated the current fixed assets into the financial accounting system. We are also researching software and equipment to tag the fixed assets.
Current Status	No change from prior year.

CITY OF BOGALUSA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Council of
The City of Bogalusa
And the Louisiana Legislative Auditor

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City of Bogalusa's management is responsible for those C/C areas identified in the SAUPs.

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

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

The procedures and associated results are as follows:

Written Policies and Procedures

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

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

No exceptions noted.

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

The City has written policies for Purchasing; however, the policy does not specifically address attribute (2) how vendors are added to the vendor list and attribute (5) documentation required to be maintained for all bids and price quotes.

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

No exceptions noted.

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

No exceptions noted.

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

The City has written policies for Payroll/Personnel; however, the policy does not specifically address attribute (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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

The City does not have a written policy for contracting that includes (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

The City does not have a written policy for Credit cards that includes (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

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

The City does not have a written policy for Travel and Expense Reimbursements that includes (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

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

The City does not have a written policy for Ethics that includes (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is

maintained to demonstrate that all employees and officials were notified of any changes to the City's ethics policy.

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

The City does not have a written policy for Debt Service that includes (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

The City does not have a written policy for Information Technology Disaster Recovery/Business continuity that includes (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

The City has a written policy for Sexual Harassment that does address (1) agency responsibilities and prohibitions and (3) annual reporting; however, the policy does not specifically address attribute (2) annual employee training.

B - Board or Finance Committee

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

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

The City had monthly board meetings each month of the year; however, the City had no Finance Committee meetings during the year.

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

The City had no finance committee meetings held during the year; therefore, there was no evidence of inclusion of the monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual on proprietary funds, or semi-annual budget-to-actual on all special revenue funds.

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

No exceptions noted.

C - Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 37 bank accounts. Management identified the City's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, I selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending December 31, 2021, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

For 5 out of 5 bank reconciliations tested, there was no evidence the bank reconciliation was prepared within 2 months of the statement closing date.

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

For 5 out of 5 bank reconciliations tested, there was no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed the bank reconciliation.

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

Of the 5 bank reconciliations tested, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing this reconciling item was researched for proper disposition.

D - Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included a total of two deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, I selected all the deposit sites and performed the procedures below.

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

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of two collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, I randomly selected one collection location for each deposit site. Review of the City's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- e) Procedures tested at attribute a) – d) are included in entity's written policies and procedures (P&P noting employees responsible for cash collections do not share cash drawers/registers)

No exceptions noted.

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

No exceptions noted.

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

I randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. I obtained supporting documentation for each of the 10 deposits and performed the procedures below.

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

The City does not maintain sequentially pre-numbered receipts.

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

Of the 10 deposits tested, 2 of the deposits could not be traced through sequentially pre-number receipts, system reports, or other related collection documents to the deposit slips.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 1 location and performed the procedures below.

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

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the City's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

For the location selected for our procedures, the person processing payments was not prohibited from adding / modifying vendor files. The same employee is responsible for periodic review of vendor files.

- d) If answer to c) is no, is another employee responsible for periodically reviewing changes to vendor files

For the location selected for our procedures, there is no other employee responsible for periodically reviewing changes to vendor files.

- e) Check signers are responsible for mailing signed checks or gives signed checks to an employee who is not responsible for processing payments

For the location selected for our procedures, the employee who is responsible for processing payments is also the employee responsible for mailing the signed checks.

- f) Procedures tested at attributes a) – e) are included in entity's written policies and procedures.

No exceptions noted.

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

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, I randomly selected 5 disbursements and performed the procedures below.

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

No exceptions noted.

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

For 4 out of the 5 disbursements tested, a single employee initiated the purchase request, approved the purchase, and made the purchase.

Also, for 4 out of the 5 disbursements tested, the employee responsible for processing the payment is also responsible for modifying vendor files.

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

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

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

From the listing provided, I randomly selected 5 cards used in the fiscal period. I randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

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

No exceptions noted.

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

For 3 out of 5 of the monthly credit card statements tested, there were finance charges or late fees assessed on the monthly statement.

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

I randomly selected 10 transactions (or all transactions if there were less than 10).

For 7 out of 34 transactions tested, there was no itemized receipt or documentation of business purpose as these transactions were charges for interest and late fees.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 5 reimbursements and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

H - Contracts

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

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 5 contracts and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

I - Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 5 employees/officials and performed the specified procedures. There were no exceptions noted as a result of performing this procedure.

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

I randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

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

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 2 employees/officials and performed the specified procedures. There was no policy provided regarding termination payments. For all other specified procedures there were no exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

J - Ethics

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

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

For 1 of the 5 employees/officials selected for testing, documentation that the required ethics training was completed could not be obtained.

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

The City did not have any changes to the ethics policy. This step is not applicable.

K - Debt Service

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

Not applicable.

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

A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 1 bond/note and performed the specified procedures. No exceptions noted.

L - Fraud Notice

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

No exceptions noted.

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

No exceptions noted.

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "I performed the procedure and discussed the results with management."

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

I performed the procedure and discussed the results with management.

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

I performed the procedure and discussed the results with management. There have been no backup restoration tests performed within the past 3 months.

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

A listing of the City's computers currently in use was provided. No exceptions were noted as a result of performing this procedure.

No exceptions noted.

N - Sexual Harassment

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

For 5 out of the 5 employees tested did not have sexual harassment training during the fiscal period.

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

No exceptions noted.

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;

The City did not provide the annual sexual harassment report for the current fiscal period.

- b) Number of sexual harassment complaints received by the agency;

The City did not provide the annual sexual harassment report for the current fiscal period.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

The City did not provide the annual sexual harassment report for the current fiscal period.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

The City did not provide the annual sexual harassment report for the current fiscal period.

- e) Amount of time it took to resolve each complaint.

The City did not provide the annual sexual harassment report for the current fiscal period.

Corrective Action

26. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Written Policies and Procedures: The City has outdated procedure manuals. We will work on updating the policies and procedures to include all items in the AUPs.

Board or Finance Committee: The City Council meets on the 1st and 3rd Tuesday of every month.

The City provided financial statements to the Council as they were completed. These provide the budget-to-actual comparisons. The Director of Administration is always available to the City Council to answer questions related to the financial statements.

The Finance Committee meetings were discontinued due to the COVID pandemic. However, we are now having them on a regular basis.

Bank Reconciliations: All bank reconciliations are currently prepared by the City Accountant and/or the Director of Administration. This in itself serves as a review process. The Director of Administration also reviewed all the bank reconciliations prepared by the City accountant.

The City's outstanding checks are generally due to checks that need to be voided in the system because replacement checks were reissued. We will begin to research and adjust these in a timely manner.

The City will begin having a council member review the monthly bank statements.

Collections: All daily deposits made at the bank have deposits slips. Due to the numerous transactions involved, some deposits slips may not have been located.

Non-payroll Disbursements: Due to a limited budgeted, the City has only one employee in Accounts Payable. The City does not have the need or funds for more than one. Accordingly, this one employee is responsible for adding vendors, processing payments, and mailing the payments. However, this employee is not allowed to sign checks. All checks require two signatures – usually one from the Finance Department (the Director of Administration or the City Clerk) and one from the Mayor's Office (the Mayor or the Mayor's Administrative Assistant).

We will begin having someone review the changes to vendor files in our financial system on a monthly basis.

Credit Cards/Debit Cards/Fuel Cards/P-Cards: In most instances, the credit card payments were mailed and paid in a timely manner. However, for some reason the credit card company always processed the payments after the due date. The only conclusion we could come to was that there were problems with the post office. Due to this, the City has started paying the credit cards online to avoid the late fees and charges in the future.

Payroll and Personnel: The City pays vacation and sick leave when a person terminates. The sick leave is maxed at 160 hours.

Ethics: All employees are required to have the one hour of ethics training.


Sexual Harassment: The City provides mandatory sexual harassment training yearly. There were no sexual harassment claims filed in 2021; therefore, there were no sexual harassment reports.

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

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

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

Sincerely,



Bogalusa, Louisiana
June 30, 2022