

**CITY OF PONCHATOULA,
LOUISIANA**

Annual Financial Statements

For the Year Ended June 30, 2020



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, on our consideration of the City of Ponchatoula, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ponchatoula, Louisiana's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
December 2, 2020

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

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

As management of the City of Ponchatoula, Louisiana (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. This Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is designed to provide readers with a broad overview of city finances. It is also intended to provide readers with an analysis of the short and long-term activities of the City based on information presented in this financial report, as well as fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

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

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

Overview of the Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

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

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

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

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

Government-Wide Financial Analysis

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

	2020	2019	\$ Change	% Change
Assets				
Current and Other Assets	\$ 8,411,134	\$ 8,348,857	\$ 62,277	0.75%
Capital Assets	21,401,590	20,819,247	582,343	2.80%
Total Assets	29,812,724	29,168,104	644,620	2.21%
Deferred Outflows of Resources	2,101,312	1,976,575	124,737	6.31%
Liabilities				
Current Liabilities	1,068,687	1,094,074	(25,387)	-2.32%
Long-Term Liabilities	-	80,177	(80,177)	-100.00%
Net Pension Liability	5,902,453	5,610,891	291,562	5.20%
Total Liabilities	6,971,140	6,785,142	185,998	2.74%
Deferred Inflows of Resources	547,353	358,995	188,358	52.47%
Net Position				
Net Investment in Capital Assets	21,321,413	20,662,810	658,603	3.19%
Restricted Net Position	2,703,544	2,990,810	(287,266)	-9.60%
Unrestricted Net Position	370,586	346,922	23,664	6.82%
Total Net Position	\$ 24,395,543	\$ 24,000,542	\$ 395,001	1.65%

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$24,395,543 (*net position*), an increase of \$395,001 over last year. Of the total amount, \$370,586 is unrestricted net position. The City's net position is comprised of \$11,219,340 from governmental activities and \$13,176,203 from business-type activities, as shown on Statement A.

By far the largest portion of the City's net position (87%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, vehicles, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

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

	2020	2019	\$ Change	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 2,224,644	\$ 2,229,342	\$ (4,698)	-0.21%
Grants and Contributions	1,544,365	578,348	966,017	167.03%
General Revenues				
Taxes	6,534,020	6,018,322	515,698	8.57%
Other	1,541,505	1,782,638	(241,133)	-13.53%
Total Revenues	11,844,534	10,608,650	1,235,884	11.65%
Expenses				
Governmental Activities	9,391,686	9,090,218	301,468	3.32%
Business-Type Activities	2,057,847	1,954,915	102,932	5.27%
Total Expenses	11,449,533	11,045,133	404,400	3.66%
Change in Net Position	395,001	(436,483)	831,484	-190.50%
Net Position, Beginning of the Year	24,000,542	24,437,025	(436,483)	-1.79%
Net Position, End of the Year	\$ 24,395,543	\$ 24,000,542	\$ 395,001	1.65%

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

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

Governmental Activities

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

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

Governmental Expenditures	Amount	Percentage
General Government	\$ 1,729,777	18.42%
Public Safety	4,626,941	49.27%
Public Works	2,444,866	26.03%
Cemetery	34,280	0.37%
Culture and Recreation	369,516	3.93%
Community Development	74,592	0.79%
Public Transportation	32,486	0.35%
Miscellaneous Programs	74,505	0.79%
Debt Service Interest	4,723	0.05%
Total Governmental Activities	\$ 9,391,686	100.00%

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

Governmental Revenues	Amount	Percentage
Sales Taxes	\$ 5,561,918	69.26%
Property Taxes	972,102	12.11%
Licenses, Permits, and Fees	832,442	10.37%
Intergovernmental Revenues	34,642	0.43%
Miscellaneous	432,660	5.39%
Revenue from Non-Employer Contributions	220,378	2.74%
Gain / (Loss) on Disposition of Assets	(24,013)	-0.30%
Total Governmental Activities	\$ 8,030,129	100.00%

Sales taxes are the largest revenue source for the City comprising 69% of total general governmental revenue. Property taxes are the second largest revenue source for the City accounting for nearly 12% of total general governmental revenue.

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

For the year ended June 30, 2020, taxes of 16.52 mills were levied on property inside of the City limits. An original 10-mill tax was passed in 1990 to be used for policemen pay, firemen pay, and to purchase equipment for both departments.

	2020 Taxes		2019 Taxes	
	Levied	Mills	Levied	Mills
General Fund	\$ 400,010	6.52	\$ 388,009	6.52
Policemen Pay Millage Fund	343,296	6.00	339,449	6.00
Firemen Pay Millage Fund	114,398	2.00	113,158	2.00
Equipment Millage Fund	114,398	2.00	113,158	2.00
Total Property Taxes Levied	\$ 972,102	16.52	\$ 953,774	16.52

Business-Type Activities

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

Charges for Services	Sewer	Water
Fiscal Year Ended June 30, 2020	\$ 991,852	\$ 388,810
Fiscal Year Ended June 30, 2019	981,737	381,107
Increase Between Years	\$ 10,115	\$ 7,703

Operating Expenses	Sewer	Water
Fiscal Year Ended June 30, 2020	\$ 1,418,076	\$ 639,771
Fiscal Year Ended June 30, 2019	1,142,041	812,873
Increase (Decrease) Between Years	\$ 276,035	\$ (173,102)

FUND FINANCIAL STATEMENTS

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

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

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Statements D and F.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and 1965 Sales Tax Fund, which are considered to be major funds. Data from the other governmental funds (Mausoleum Trust Fund, Firemen Pay Millage Fund, Policemen Pay Millage Fund, Equipment Millage Fund, and Cemetery Endowment Fund) are combined into a single, aggregated presentation. These basic governmental fund financial statements can be found on Statements C and E of this report. The summary of the non-major funds is found on Schedules 3 and 4.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,944,650, an increase of \$628,842 over June 30, 2019. In the General Fund, the unassigned fund balance is \$3,182,658, as shown on Statement C.

At June 30, 2020, the City had a fund balance of \$2,393,519 in the 1965 Sales Tax Fund to provide for constructing, acquiring, extending, improving, and/or maintaining drainage facilities, streets, sidewalks, public buildings; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities; and maintaining and operating garbage collection facilities.

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

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

Fund Balance in the City's Major Funds:

<u>Fund Balance Date</u>	<u>General Fund</u>	<u>1965 Sales Tax Fund</u>
June 30, 2020	\$ 3,182,658	\$ 2,393,519
June 30, 2019	2,267,435	2,782,979
Change in Fund Balance	\$ 915,223	\$ (389,460)

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

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

NOTES TO FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

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

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

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

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

- Intergovernmental revenues decreased by \$800,000 due to grant revenues expected, but not yet received.
- Public works expenditures decreased by approximately \$1,300,000 due to a decrease in expected expenditures in street overlay, sidewalk projects, and lighting projects.

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

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

Capital Asset and Debt Administration

CAPITAL ASSETS

The City's capital assets, net of accumulated depreciation, as of June 30, 2020, in its governmental activities is \$9,517,153 and in business-type activities is \$11,884,437, which totals \$21,401,590 for the City. Capital assets include land, construction in progress, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in the City's capital assets for the current fiscal year was a \$36,910 decrease for governmental activities and a \$619,253 increase for business-type activities.

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

- Improvements to and equipment for City Hall
- Improvements to the City's sewer and water infrastructure
- Road improvements and new vehicle for public works
- Street overlay

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

LONG-TERM DEBT

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

CITY OF PONCHATOULA, LOUISIANA

Management's Discussion and Analysis

CAPITAL LEASE

At the end of the current fiscal year, the City had a capital lease outstanding of \$80,177. The entire amount of the lease was used to purchase new police vehicles. Additional information concerning this lease can be found in Note 10.

Economic Factors and Next Year's Budget

The following factors were considered in preparing the City's budget for the 2021 fiscal year:

- Again, as in the past, sales tax collections are the City's largest revenue source. In reviewing fiscal year 2020's collections, it was noted that overall receipts were \$5,561,918. Projected collections for fiscal year 2021 are comparable to 2020.
- During the budget planning process, funds have been designated for certain capital outlays, including continued improvements to the City's sewer and water infrastructure.
- Also included for capital improvements were: funding for Phase III of the Pedestrian Sidewalk - North 5th to Wayne Street project, sidewalk improvements along Barringer Road and Highway 51 to Magnolia Street, communications equipment for the police department, and LED lighting for Highway 55, Highway 22 East, and Highway 51.
- The City budgeted additional money for street overlays.

Requests for Information

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

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

CITY OF PONCHATOULA, LOUISIANA
Statement of Net Position
June 30, 2020

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 2,391,126	\$ 1,449,128	\$ 3,840,254
Investments	2,167,398	154,819	2,322,217
Receivables, Net	1,777,066	118,183	1,895,249
Other Current Assets	20,742	-	20,742
Internal Balances	224,363	(224,363)	-
Restricted Cash and Cash Equivalents	-	79,475	79,475
Restricted Investments	-	253,197	253,197
Capital Assets, Net	9,517,153	11,884,437	21,401,590
Total Assets	16,097,848	13,714,876	29,812,724
Deferred Outflows of Resources			
Deferred Outflows - Pension Related	2,001,519	99,793	2,101,312
Liabilities			
Accounts Payable	312,550	-	312,550
Accrued Liabilities	323,495	19,793	343,288
Non-Current Liabilities			
Due Within One Year	80,177	-	80,177
Payable from Restricted Assets			
Utility Meter Deposits	-	332,672	332,672
Net Pension Liability	5,628,599	273,854	5,902,453
Total Liabilities	6,344,821	626,319	6,971,140
Deferred Inflows of Resources			
Deferred Inflows - Pension Related	535,206	12,147	547,353
Net Position			
Net Investment in Capital Assets	9,436,976	11,884,437	21,321,413
Restricted for:			
Cemetery / Mausoleum	29,755	-	29,755
Dedicated Sales Tax Usage	2,393,519	-	2,393,519
Dedicated Ad Valorem Tax Usage	280,270	-	280,270
Unrestricted	(921,180)	1,291,766	370,586
Total Net Position	\$ 11,219,340	\$ 13,176,203	\$ 24,395,543

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

CITY OF PONCHATOULA, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2020

Statement B

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 1,729,777	\$ -	\$ -	\$ -	\$ (1,729,777)	\$ -	\$ (1,729,777)
Public Safety	4,626,941	206,433	-	-	(4,420,508)	-	(4,420,508)
Public Works	2,444,866	637,549	580,833	-	(1,226,484)	-	(1,226,484)
Cemetery	34,280	-	-	-	(34,280)	-	(34,280)
Culture and Recreation	369,516	-	-	-	(369,516)	-	(369,516)
Community Development	74,592	-	-	-	(74,592)	-	(74,592)
Public Transportation	32,486	-	-	-	(32,486)	-	(32,486)
Miscellaneous Programs	74,505	-	-	-	(74,505)	-	(74,505)
Debt Service Interest	4,723	-	-	-	(4,723)	-	(4,723)
Total Governmental Activities	9,391,686	843,982	580,833	-	(7,966,871)	-	(7,966,871)
Business-Type Activities							
Sewer	1,418,076	991,852	-	949,887	-	523,663	523,663
Water	639,771	388,810	-	13,645	-	(237,316)	(237,316)
Total Business-Type Activities	2,057,847	1,380,662	-	963,532	-	286,347	286,347
Total	\$ 11,449,533	\$ 2,224,644	\$ 580,833	\$ 963,532	(7,966,871)	286,347	(7,680,524)
General Revenues							
Sales Taxes					5,561,918	-	5,561,918
Property Taxes					972,102	-	972,102
Licenses, Permits, and Fees					832,442	-	832,442
Intergovernmental Revenues					34,642	-	34,642
Miscellaneous					432,660	33,147	465,807
Revenue from Non-Employer Contributions					220,378	12,249	232,627
Loss on Disposition of Assets					(24,013)	-	(24,013)
Transfers In (Out)					255,000	(255,000)	-
Total General Revenues and Transfers					8,285,129	(209,604)	8,075,525
Change in Net Position					318,258	76,743	395,001
Net Position, Beginning of Year					10,901,082	13,099,460	24,000,542
Net Position, End of Year					\$ 11,219,340	\$ 13,176,203	\$ 24,395,543

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

CITY OF PONCHATOULA, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2020

Statement C

	General Fund	Special Revenue Fund 1965 Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,107,990	\$ 1,032,224	\$ 250,912	\$ 2,391,126
Investments	1,248,336	846,861	72,201	2,167,398
Receivables, Net				
Sales Taxes	517,513	517,331	-	1,034,844
Franchise Taxes	66,265	-	-	66,265
Garbage Collection Fees, Net	84,222	-	-	84,222
Other Receivables	591,735	-	-	591,735
Other Current Assets	20,742	-	-	20,742
Due from Other Funds	224,363	-	45,360	269,723
Total Assets	\$ 3,861,166	\$ 2,396,416	\$ 368,473	\$ 6,626,055
Liabilities				
Accounts Payable	\$ 309,653	\$ 2,897	\$ -	\$ 312,550
Accrued Liabilities	323,495	-	-	323,495
Due to Other Funds	45,360	-	-	45,360
Total Liabilities	678,508	2,897	-	681,405
Fund Balances				
Nonspendable	-	-	58,448	58,448
Restricted, Reported in				
Special Revenue Funds	-	2,393,519	310,025	2,703,544
Unassigned	3,182,658	-	-	3,182,658
Total Fund Balances	3,182,658	2,393,519	368,473	5,944,650
Total Liabilities and Fund Balances	\$ 3,861,166	\$ 2,396,416	\$ 368,473	\$ 6,626,055

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

CITY OF PONCHATOULA, LOUISIANA
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2020

Statement D

Fund Balances - Total Governmental Funds	\$ 5,944,650
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital Assets	22,851,247
Less: Accumulated Depreciation	(13,334,094)

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

Capital Lease	(80,177)
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In accordance with GASB Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources is not recorded in the governmental funds:

Net Pension Liability	(5,628,599)
Deferred Outflows of Resources	2,001,519
Deferred Inflows of Resources	<u>(535,206)</u>

Net Position of Governmental Activities	<u><u>\$ 11,219,340</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF PONCHATOULA, LOUISIANA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Statement E

	General Fund	Special Revenue Fund 1965 Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Sales Taxes	\$ 2,780,959	\$ 2,780,959	\$ -	\$ 5,561,918
Property Taxes	400,010	-	572,092	972,102
Intergovernmental Revenue	615,475	-	-	615,475
Licenses and Permits	552,509	-	-	552,509
Sanitation Service Fees	637,549	-	-	637,549
Franchise Fees	279,933	-	-	279,933
Fines and Forfeitures	206,433	-	-	206,433
Other Revenues	339,615	-	6,480	346,095
Interest Income	48,322	34,439	3,804	86,565
Total Revenues	5,860,805	2,815,398	582,376	9,258,579
Expenditures				
Current				
General Government	1,610,555	17,358	-	1,627,913
Public Safety	4,041,868	-	18,105	4,059,973
Public Works	2,494,722	-	-	2,494,722
Cemetery	34,280	-	-	34,280
Culture and Recreation	418,700	-	-	418,700
Community Development	63,905	-	-	63,905
Public Transportation	36,885	-	-	36,885
Miscellaneous Programs	71,503	-	-	71,503
Debt Service	80,983	-	-	80,983
Total Expenditures	8,853,401	17,358	18,105	8,888,864
Excess (Deficiency) of Revenues Over Expenditures	(2,992,596)	2,798,040	564,271	369,715
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	4,127	-	-	4,127
Transfers In	3,903,692	-	-	3,903,692
Transfers Out	-	(3,187,500)	(461,192)	(3,648,692)
Total Other Financing Sources (Uses)	3,907,819	(3,187,500)	(461,192)	259,127
Net Change in Fund Balances	915,223	(389,460)	103,079	628,842
Fund Balances, Beginning of Year	2,267,435	2,782,979	265,394	5,315,808
Fund Balances, End of Year	\$ 3,182,658	\$ 2,393,519	\$ 368,473	\$ 5,944,650

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

CITY OF PONCHATOULA, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2020

Statement F

Net Change in Fund Balances - Total Governmental Funds	\$ 628,842
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>	(8,770)
<p>In accordance with GASB Statement No. 68, the net pension liability related to pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities.</p>	(349,934)
<p>The net effect of various miscellaneous transactions involving capital assets is to decrease net position.</p>	(28,140)
<p>The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds and increases long-term liabilities in the statement of net position. Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	<u>76,260</u>
<p>Change in Net Position of Governmental Activities</p>	<u><u>\$ 318,258</u></u>

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Net Position
Proprietary Funds
June 30, 2020 and 2019

Statement G

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2020	2019
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 1,398,932	\$ 50,196	\$ 1,449,128	\$ 1,854,722
Investments	80,837	73,982	154,819	143,211
Accounts Receivable, Net	82,087	36,096	118,183	128,339
Total Current Assets	1,561,856	160,274	1,722,130	2,126,272
Restricted Assets				
Cash and Cash Equivalents				
Water Fund - Meter Deposits	-	79,475	79,475	81,837
Investments				
Water Fund - Meter Deposits	-	253,197	253,197	256,676
Total Restricted Assets	-	332,672	332,672	338,513
Capital Assets				
Property, Plant, and Equipment, at Cost	12,142,021	6,703,942	18,845,963	18,613,378
Less: Accumulated Depreciation	(5,774,649)	(2,361,527)	(8,136,176)	(7,572,957)
Land	3,170	221,593	224,763	224,763
Construction in Progress	949,887	-	949,887	-
Total Capital Assets	7,320,429	4,564,008	11,884,437	11,265,184
Total Assets	8,882,285	5,056,954	13,939,239	13,729,969
Deferred Outflows of Resources				
Deferred Outflows - Pension Related	61,055	38,738	99,793	123,203
Liabilities				
Current Liabilities (Payable from Current Assets)				
Accrued Liabilities	9,933	9,860	19,793	30,889
Due to Other Funds	65,927	158,436	224,363	80,148
Total Current Liabilities (Payable from Current Assets)	75,860	168,296	244,156	111,037
Current Liabilities (Payable from Restricted Assets)				
Meter Deposits	-	332,672	332,672	338,513
Total Current Liabilities (Payable from Restricted Assets)	-	332,672	332,672	338,513
Net Pension Liability	167,548	106,306	273,854	290,723
Total Liabilities	243,408	607,274	850,682	740,273
Deferred Inflows of Resources				
Deferred Inflows - Pension Related	7,432	4,715	12,147	13,439
Net Position				
Net Investment in Capital Assets	7,320,429	4,564,008	11,884,437	11,265,184
Unrestricted	1,372,071	(80,305)	1,291,766	1,834,276
Total Net Position	\$ 8,692,500	\$ 4,483,703	\$ 13,176,203	\$ 13,099,460

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Years Ended June 30, 2020 and 2019

Statement H

	Business-Type Activities -		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2020	2019
Operating Revenues				
Charges for Services	\$ 991,852	\$ 388,810	\$ 1,380,662	\$ 1,362,844
Total Operating Revenues	991,852	388,810	1,380,662	1,362,844
Operating Expenses				
Depreciation and Amortization	411,606	175,934	587,540	557,335
Salaries and Employee Benefits	195,177	127,251	322,428	410,946
Repairs and Maintenance	537,024	173,326	710,350	621,689
Utilities and Telephone	101,344	59,348	160,692	162,081
Supplies	25,469	44,642	70,111	71,049
Professional Fees	5,912	7,759	13,671	9,902
Environmental Testing	42,747	29,224	71,971	53,472
Insurance	28,848	17,191	46,039	31,453
Vehicle Expense	6,851	855	7,706	6,545
Bad Debt	35,000	-	35,000	-
Miscellaneous	28,098	4,241	32,339	30,442
Total Operating Expenses	1,418,076	639,771	2,057,847	1,954,914
Operating Loss	(426,224)	(250,961)	(677,185)	(592,070)
Non-Operating Revenues (Expenses)				
Investment Income	24,257	8,890	33,147	71,475
Capital and Other Grants	949,887	13,645	963,532	578,348
Transfers In/Out	(255,000)	-	(255,000)	-
Revenue from Non-Employer Contributions	7,494	4,755	12,249	13,911
Total Non-Operating Revenues (Expenses)	726,638	27,290	753,928	663,734
Change in Net Position	300,414	(223,671)	76,743	71,664
Net Position, Beginning of Year	8,392,086	4,707,374	13,099,460	13,027,796
Net Position, End of Year	\$ 8,692,500	\$ 4,483,703	\$ 13,176,203	\$ 13,099,460

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Cash Flows
Proprietary Funds
For the Years Ended June 30, 2020 and 2019

Statement I

	Business-Type Activities - Enterprise Funds		Total (Memorandum Only)	
	Sewer	Water	2020	2019
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 969,903	\$ 380,074	\$ 1,349,977	\$ 1,356,712
Payments to Suppliers	(776,293)	(336,586)	(1,112,879)	(986,633)
Payments to Employees	(194,435)	(121,590)	(316,025)	(353,447)
Net Cash Provided by (Used in) Operating Activities	(825)	(78,102)	(78,927)	16,632
Cash Flows from Non-Capital Financing Activities				
Interfund Transfers and Borrowings	(201,198)	90,413	(110,785)	2,265
Net Cash Provided by (Used in) Non-Capital Financing Activities	(201,198)	90,413	(110,785)	2,265
Cash Flows from Capital and Related Financing Activities				
Construction of Capital Assets	(1,191,272)	(17,950)	(1,209,222)	(854,279)
Capital Grants	949,887	-	949,887	-
Net Cash Used in Capital and Related Financing Activities	(241,385)	(17,950)	(259,335)	(854,279)
Cash Flows from Investing Activities				
Interest Earned on Investments	24,257	7,219	31,476	69,804
Sale (Purchase) of Investments, Net	(624)	10,239	9,615	(4,060)
Net Cash Provided by Investing Activities	23,633	17,458	41,091	65,744
Net Increase (Decrease) in Cash and Cash Equivalents	(419,775)	11,819	(407,956)	(769,638)
Cash and Cash Equivalents, Beginning of Year	1,818,707	117,852	1,936,559	2,706,197
Cash and Cash Equivalents, End of Year	\$ 1,398,932	\$ 129,671	\$ 1,528,603	\$ 1,936,559
Reconciliation of Cash Accounts				
Unrestricted Cash and Cash Equivalents	\$ 1,398,932	\$ 50,196	\$ 1,449,128	\$ 1,854,722
Restricted Cash and Cash Equivalents	-	79,475	79,475	81,837
Cash and Cash Equivalents, End of Year	\$ 1,398,932	\$ 129,671	\$ 1,528,603	\$ 1,936,559

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

CITY OF PONCHATOULA, LOUISIANA
Statements of Cash Flows
Proprietary Funds
For the Years Ended June 30, 2020 and 2019

Statement I (Continued)

	Business-Type Activities -		Total	
	Enterprise Funds		(Memorandum Only)	
	Sewer	Water	2020	2019
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Operating Loss	\$ (426,224)	\$ (250,961)	\$ (677,185)	\$ (592,070)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities				
Depreciation and Amortization	411,606	175,934	587,540	557,335
Bad Debt	35,000	-	35,000	-
Pension Expense Adjustments for Net Pension Liability Calculation	13,950	3,549	17,499	63,074
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable, Net	(21,949)	(2,895)	(24,844)	(19,147)
Increase (Decrease) in Accrued Liabilities	(13,208)	2,112	(11,096)	(5,575)
Increase (Decrease) in Meter Deposits	-	(5,841)	(5,841)	13,015
Net Cash Provided by (Used in) Operating Activities	\$ (825)	\$ (78,102)	\$ (78,927)	\$ 16,632

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

NOTES TO FINANCIAL STATEMENTS

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

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

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

Reporting Entity

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

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

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - Government-Wide Financial Statements

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

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

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

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

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

Basic Financial Statements - Fund Financial Statements

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

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - Fund Financial Statements (Continued)

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

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

Budgets and Budgetary Accounting

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

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

- The Mayor, with the assistance of the Finance Manager, prepares a proposed budget and submits this budget to the City Council no later than fifteen days prior to the beginning of each fiscal year.
- A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2020 was published timely in the official journal of the City.
- A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget for the year ended June 30, 2020 on June 10, 2019.
- After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The proposed budget for the year ended June 30, 2020 was adopted on June 10, 2019.
- Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the City Council. The budget for the year ended June 30, 2020 was amended on June 8, 2020.
- 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 by the City Council.
- The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules for the General and 1965 Sales Tax Funds present actual expenditures in accordance with accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Accounts

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

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

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

Inventory - The City utilizes the "purchase method" of accounting for supplies, whereby expendable operating supplies are recognized as expenditures when purchased. The City did not record any inventory at June 30, 2020 as the amount is immaterial.

Capital Assets - Capital outlays are recorded as expenditures of the General and Special Revenue Funds and as assets in the government-wide financial statements, to the extent the City's capitalization threshold is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980. Although an exception exists for local governments with annual revenues of less than \$10 million, the City has elected to report its infrastructure retroactively. Interest incurred during construction is capitalized on a government-wide basis. Interest attributable to capitalized assets as of June 30, 2020 was immaterial.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Accounts (Continued)

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

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

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

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

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

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Statement Accounts (Continued)

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

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

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

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

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

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

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

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 84 to reporting periods beginning after December 15, 2019.

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

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

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

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

Deposits, Investment Laws, and Regulations

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

Deficit Fund Balance

As of June 30, 2020, no City funds had deficit fund balances.

Note 3. Cash and Cash Equivalents

At June 30, 2020, the City had \$3,919,729 (book balance) in interest-bearing demand deposits as follows: cash and cash equivalents of \$3,840,254 and restricted cash and cash equivalents of \$79,475. These deposits are stated at cost, which approximates market.

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

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City does not have a deposit policy for custodial credit risk. As of June 30, 2020, approximately \$3,850,000 of the City's bank balance of \$4,104,740 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the City and the fiscal agent bank.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 4. Investments

At June 30, 2020, the City had investments which include \$2,139,247 invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool, and \$436,167 in other securities. The following table provides information on the credit ratings, maturity dates, and fair values associated with the City's investments at June 30, 2020:

Investment	Rating	Maturity	Fair Value
FHLB Bond	AAAm	09/30/21	\$ 331,931
FHLMC Med Term NTS Step	AAAm	03/30/21	104,236
LAMP	AAA/Aaa/AAA	N/A	<u>2,139,247</u>
Total			<u>\$ 2,575,414</u>

Interest Rate Risk: Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Of the City's investments, \$436,167 have maturities of one to five years.

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

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a failure, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the City's name. The City has a formal investment policy regarding investment credit risk, and the investments of the City owned at June 30, 2020 were not subject to custodial credit risk.

Concentration of Credit Risk: The City has a formal limit on the amount the City may invest in any one issuer. It is the policy of the City to diversify its investment portfolio. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Issuers comprising 5% or more of the City's investments at June 30, 2020 were LAMP at 83% and FHLB Notes at 17%.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 4. Investments (Continued)

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

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

The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The City's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of June 30, 2020.
- Foreign currency risk: Not applicable.

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 5. Fair Value

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

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

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

At June 30, 2020, the City's investments in U.S. Agency Obligations with a fair market value of \$436,167 are categorized at Level 2. The City's \$2,139,247 investment in LAMP is categorized as an investment measured at net asset value.

Note 6. Accounts Receivable

At June 30, 2020, the City had the following utility receivable and corresponding allowance for doubtful accounts:

	Governmental Funds	Proprietary Funds	
	General Fund	Sewer	Water
Utility Receivables	\$ 191,523	\$ 201,160	\$ 52,025
Less: Allowance for Doubtful Accounts	(107,301)	(119,073)	(15,929)
Utility Receivables, Net	\$ 84,222	\$ 82,087	\$ 36,096

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 7. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Capital Assets Not Depreciated					
Land	\$ 575,113	\$ -	\$ -	\$ -	\$ 575,113
Construction in Progress	66,657	256,470	-	(55,477)	267,650
Total Capital Assets Not Depreciated	641,770	256,470	-	(55,477)	842,763
Capital Assets Depreciated					
Building Official	43,010	-	-	-	43,010
Building - Sanitation	75,968	-	-	-	75,968
City Hall	1,405,691	80,147	(3,000)	55,477	1,538,315
Civil Defense	1,090	-	-	-	1,090
Community Center	1,298,551	-	-	-	1,298,551
DDD	1,428	-	-	-	1,428
Executive (Mayor)	15,596	1,075	-	-	16,671
Fire	930,392	-	(13,044)	-	917,348
Hickory Park	681,997	-	-	-	681,997
Industrial Park	427,449	-	-	-	427,449
Judicial	35,360	6,332	(2,380)	-	39,312
Main Street Program	1,275	-	-	-	1,275
Miscellaneous Programs	89,407	-	-	-	89,407
Parks	748,321	24,136	(907)	-	771,550
Police	3,152,051	87,512	(316,462)	-	2,923,101
Public Works	103,376	-	-	-	103,376
Streets and Roadways	2,482,513	280,380	(51,793)	-	2,711,100
Transportation	-	4,456	-	-	4,456
Youth Alliance	2,288	-	-	-	2,288
Infrastructure	10,104,045	256,747	-	-	10,360,792
Total Capital Assets Depreciated	21,599,808	740,785	(387,586)	55,477	22,008,484
Less Accumulated Depreciation					
Building Official	27,174	5,627	-	-	32,801
Building - Sanitation	34,659	1,900	-	-	36,559
City Hall	864,816	61,164	(3,000)	-	922,980
Civil Defense	1,090	-	-	-	1,090
Community Center	1,092,661	33,968	-	-	1,126,629
DDD	48	285	-	-	333
Executive (Mayor)	11,198	1,049	-	-	12,247
Fire	443,272	55,082	(13,044)	-	485,310
Hickory Park	41,087	46,068	-	-	87,155
Industrial Park	276,314	10,687	-	-	287,001
Judicial	35,317	1,204	(2,380)	-	34,141
Main Street Program	1,275	-	-	-	1,275
Miscellaneous Programs	58,943	2,717	-	-	61,660
Parks	440,651	41,162	(907)	-	480,906
Police	977,821	233,095	(288,322)	-	922,594
Public Works	60,549	2,383	-	-	62,932
Streets and Roadways	1,259,640	137,626	(51,793)	-	1,345,473
Transportation	-	56	-	-	56
Youth Alliance	892	457	-	-	1,349
Infrastructure	7,060,108	371,495	-	-	7,431,603
Total Accumulated Depreciation	12,687,515	1,006,025	(359,446)	-	13,334,094
Total Capital Assets Depreciated, Net	8,912,293	(265,240)	(28,140)	55,477	8,674,390
Total Governmental Capital Assets, Net	\$ 9,554,063	\$ (8,770)	\$ (28,140)	\$ -	\$ 9,517,153

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 7. Capital Assets (Continued)

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

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

Depreciation was charged to governmental functions as follows:

General Government	\$ 69,044
Public Safety	288,177
Public Works	513,404
Culture and Recreation	121,655
Community Development	10,687
Public Transportation	56
Miscellaneous Programs	3,002
Total	\$ 1,006,025

The following is a summary of changes in capital assets for business-type activities for fiscal year ended June 30, 2020:

	Balance June 30, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Capital Assets Not Depreciated					
Land	\$ 224,763	\$ -	\$ -	\$ -	\$ 224,763
Construction in Progress	-	949,887	-	-	949,887
Total Capital Assets Not Depreciated	224,763	949,887	-	-	1,174,650
Other Capital Assets					
Sewer Utility	8,469,315	226,547	-	-	8,695,862
Wastewater Treatment	3,454,346	14,837	(23,025)	-	3,446,158
Water Utility	6,689,718	17,950	(3,725)	-	6,703,943
Total Other Capital Assets	18,613,379	259,334	(26,750)	-	18,845,963
Less Accumulated Depreciation					
Sewer Utility	3,814,599	333,146	-	-	4,147,745
Wastewater Treatment	1,570,815	78,461	(22,372)	-	1,626,904
Water Utility	2,187,544	175,934	(1,951)	-	2,361,527
Total Accumulated Depreciation	7,572,958	587,541	(24,323)	-	8,136,176
Total Other Capital Assets, Net	11,040,421	(328,207)	(2,427)	-	10,709,787
Total Business-Type Capital Assets, Net	\$ 11,265,184	\$ 621,680	\$ (2,427)	\$ -	\$ 11,884,437

Note 8. Employee Pension Plans

Municipal Employees' Retirement System of Louisiana

Plan Description

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

Benefits Provided

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

Contributions

Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 5% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2020 was 14% of annual payroll. Contributions to the System from the City were \$182,663 for the year ended June 30, 2020.

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

At June 30, 2020, the City reported a liability of \$1,421,859 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2020 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was 1.625329%, which was an increase of 0.088923% from its proportion measured as of June 30, 2018.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

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

For the year ended June 30, 2020, the City recognized pension expense of \$221,508. At June 30, 2020, 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	\$ -	\$ 63,067
Changes of Assumptions	86,675	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	149,757	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	99,029	-
City Contributions Subsequent to the Measurement Date	182,663	-
Total	\$ 518,124	\$ 63,067

The City reported \$182,663 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

Year Ending June 30,	Amount
2021	\$ 170,632
2022	68,814
2023	19,941
2024	13,007

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%							
Salary Increases, Including Inflation and Merit	<table><thead><tr><th>Service Years</th><th>Plan B Growth Rate</th></tr></thead><tbody><tr><td>1 - 4</td><td>7.40%</td></tr><tr><td>More than 4</td><td>4.90%</td></tr></tbody></table>	Service Years	Plan B Growth Rate	1 - 4	7.40%	More than 4	4.90%	
Service Years	Plan B Growth Rate							
1 - 4	7.40%							
More than 4	4.90%							
Investment Rate of Return	7.0%, Net of Investment Expense							

Mortality rates were based on the PubG-2010(B) Employee Table for active members, the PubG-2010(B) Healthy Retiree Table for healthy annuitants, and the PubNS-2010(B) Disabled Retiree Table for disabled lives annuitants for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.0% for the year ended June 30, 2019.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	2.15%
Public Fixed Income	35.00%	1.51%
Alternatives	15.00%	0.64%
Total	100.00%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

Discount Rate

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

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1.0% Decrease (6.0%)	Current Discount Rate (7.0%)	1.0% Increase (8.0%)
City's Proportionate Share of the Net Pension Liability	\$ 1,894,973	\$ 1,421,859	\$ 1,021,733

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2020, the City owed \$18,650 to the System for the City's June 2020 payroll.

Firefighters' Retirement System of Louisiana

Plan Description

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

Benefits Provided

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

Contributions

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

Employees are required to contribute 10% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2020 was 27.75% of annual payroll. Contributions to the Fire System from the City were \$163,459 for the year ended June 30, 2020.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

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

At June 30, 2020, the City reported a liability of \$1,427,108 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2020 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was 0.227903%, which was an increase of 0.037009% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$185,407. At June 30, 2020, 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	\$ -	\$ 102,943
Changes of Assumptions	129,832	104
Net Difference between Projected and Actual Earnings on Pension Plan Investments	95,969	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	388,805	10,931
City Contributions Subsequent to the Measurement Date	163,459	-
Total	\$ 778,065	\$ 113,978

The City reported \$163,459 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

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

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

Year Ending June 30,	Amount
2021	\$ 126,249
2022	69,168
2023	115,714
2024	101,572
2025	54,429
2026	33,496

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.5%
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% after 25 years
Investment Rate of Return	7.15%, Net of Investment Expense

Mortality rates were based on the RP-2000 Employee Table for active members, the RP-2000 Healthy Annuitant Table for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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. The long-term expected nominal rate of return was 7.94% as of June 30, 2019.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	31.00%	2.17%
Equity - U.S.	21.50%	5.98%
Equity - Non-U.S.	17.50%	7.52%
Equity - Global	10.00%	6.59%
Alternatives - Real Estate	6.00%	4.14%
Alternatives - Private Equity	4.00%	10.52%
Other - Global Tactical Asset Allocation	5.00%	4.37%
Other - Risk Parity	5.00%	4.67%
Total	100.00%	
Inflation		2.75%
Expected Arithmetic Nominal Return		7.94%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fire System's actuary. Based on those assumptions, the Fire System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1.0% Decrease (6.15%)	Current Discount Rate (7.15%)	1.0% Increase (8.15%)
City's Proportionate Share of the Net Pension Liability	\$ 2,066,549	\$ 1,427,108	\$ 890,410

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2020, the City owed \$14,953 to the Fire System for the City's June 2020 payroll.

Municipal Police Employees' Retirement System of Louisiana

Plan Description

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

Benefits Provided

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

For employees that became members of the Police System prior to January 1, 2013, retirement benefits are determined as 3⅓% of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 20 years of service are eligible to retire at age 50. Employees with a minimum of 12 years of service are eligible to retire at age 55.

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Benefits Provided (Continued)

For employees that became members of the Police System after January 1, 2013, retirement benefits are divided into two sub-plans - Hazardous Duty and Non-Hazardous Duty. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the Police System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under both plans, retirement benefits are determined as 3% (Hazardous Duty members) and 2½% (Non-Hazardous Duty members) of the employee's average final compensation based on the highest 60 consecutive months of pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary.

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

Contributions

Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System's Board of Trustees. Employees are required to contribute 10% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2020 was 32.50% of annual payroll. Contributions to the Police System from the City were \$358,779 for the year ended June 30, 2020.

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

At June 30, 2020, the City reported a liability of \$3,053,486 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's June 30, 2020 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was 0.336225%, which was a decrease of 0.043866% from its proportion measured as of June 30, 2018.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

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

For the year ended June 30, 2020, the City recognized pension expense of \$180,895. At June 30, 2020, 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	\$ 6,407	\$ 93,942
Changes of Assumptions	171,112	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	198,380	-
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	70,444	276,345
City Contributions Subsequent to the Measurement Date	358,779	-
Total	\$ 805,122	\$ 370,287

The City reported \$358,779 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

Year Ending June 30,	Amount
2021	\$ 97,744
2022	(59,158)
2023	(12,056)
2024	49,526

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%									
Salary Increases, Including Inflation and Merit	<table><thead><tr><th>Service Years</th><th>Growth Rate</th></tr></thead><tbody><tr><td>1 - 2</td><td>9.75%</td></tr><tr><td>3 - 23</td><td>4.75%</td></tr><tr><td>Over 23</td><td>4.25%</td></tr></tbody></table>	Service Years	Growth Rate	1 - 2	9.75%	3 - 23	4.75%	Over 23	4.25%	
Service Years	Growth Rate									
1 - 2	9.75%									
3 - 23	4.75%									
Over 23	4.25%									
Investment Rate of Return	7.125%, Net of Investment Expense									

Mortality rates were based on the RP-2000 Employee Table for active members, the RP-2000 Healthy Annuitant Table for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Total	100.00%	5.14%
Inflation		2.75%
Expected Arithmetic Nominal Return		7.89%

Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Police System's actuary. Based on those assumptions, the Police System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.125%) or one percentage point higher (8.125%) than the current rate:

	1.0% Decrease (6.125%)	Current Discount Rate (7.125%)	1.0% Increase (8.125%)
City's Proportionate Share of the Net Pension Liability	\$ 4,254,512	\$ 3,053,486	\$ 2,045,945

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 8. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2020, the City owed \$34,953 to the Police System for the City's June 2020 payroll.

Note 9. Compensated Absences

At June 30, 2020, employees of the City have accumulated and vested \$151,101 of employee leave benefits. Of this amount, \$42,745 is recorded as an obligation of the General Fund and \$8,356 is recorded in the Enterprise Funds. These amounts were included in accrued liabilities on the accompanying financial statements.

Note 10. Capital Lease

The City entered into a lease agreement for six new police vehicles with an original balance of \$231,587 dated October 9, 2018. The lease is due in 12 quarterly installments of \$20,680 through June 2020, at a stated interest rate of 5.04%.

The following is a summary of the changes in the capital lease payable for the year ended June 30, 2020:

	Lease Payable			Lease Payable
	June 30, 2019	Increase	Decrease	June 30, 2020
Capital Lease - Vehicles	\$ 156,437	\$ -	\$ 76,260	\$ 80,177

The future minimum lease payments due under the capital lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 80,177	\$ 2,541	\$ 82,718

The total cost of the assets recorded under capital lease was \$231,857, with accumulated depreciation of \$81,150 at June 30, 2020. Amortization expense of the leased assets for the year ended June 30, 2020 was \$46,371, and has been included in depreciation expense.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 11. Interfund Receivables/Payables

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. All interfund receivables/payables are considered short-term, and are expected to be repaid within the next year. Individual fund balances due from/to other funds at June 30, 2020 were as follows:

Fund	Account	Due From	Due To
General Fund	Due to Firemen Pay Millage Fund	\$ -	\$ 9,075
General Fund	Due to Policemen Pay Millage Fund	-	27,210
General Fund	Due to Equipment Millage Fund	-	9,075
General Fund	Due from Sewer Fund	65,927	-
General Fund	Due from Water Fund	158,436	-
Firemen Pay Millage Fund	Due from General Fund	9,075	-
Policemen Pay Millage Fund	Due from General Fund	27,210	-
Equipment Millage Fund	Due from General Fund	9,075	-
Sewer Enterprise Fund	Due to General Fund	-	65,927
Water Enterprise Fund	Due to General Fund	-	158,436
Total All Funds		\$ 269,723	\$ 269,723

Note 12. Interfund Transfers

Operating transfers between funds consist primarily of sales tax and property tax revenues transferred out of the special revenue funds to the particular funds for which the sales tax and property tax revenues are to be used. The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 2020:

Fund	Account	Transfers In	Transfers Out
General Fund	Transfer from 1965 Sales Tax Fund	\$ 3,187,500	\$ -
General Fund	Transfer from Firemen Pay Millage Fund	114,398	-
General Fund	Transfer from Policemen Pay Millage Fund	343,296	-
General Fund	Transfer from Equipment Millage Fund	3,498	-
General Fund	Transfer from Sewer Enterprise Fund	255,000	-
1965 Sales Tax Fund	Transfer to General Fund	-	3,187,500
Firemen Pay Millage Fund	Transfer to General Fund	-	114,398
Policemen Pay Millage Fund	Transfer to General Fund	-	343,296
Equipment Millage Fund	Transfer to General Fund	-	3,498
Sewer Enterprise Fund	Transfer to General Fund	-	255,000
Total All Funds		\$ 3,903,692	\$ 3,903,692

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

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

The balances of the reserved, restricted, and nonspendable fund balances/net position accounts of the City as of June 30, 2020 were as follows:

Nonspendable for Endowment Principal - Permanent Fund	\$ 58,448
Restricted for Mausoleum	29,755
Restricted for Dedicated Sales Tax Usage	2,393,519
Restricted for Firemen Pay	15,045
Restricted for Policemen Pay	49,770
Restricted for Safety Equipment	<u>215,455</u>
Total	<u>\$ 2,761,992</u>

Note 14. Ad Valorem Taxes

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

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

Levy Date	May 13, 2019
Millage Rates Adopted	May 13, 2019
Tax Bills Mailed	November 22, 2019
Due Date	December 31, 2019
Lien Date	January 1, 2020

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

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

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

Note 14. Ad Valorem Taxes (Continued)

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

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

For the year ended June 30, 2020, taxes of 16.52 mills were levied on property with taxable assessed valuations totaling \$58,733,585 and were dedicated as follows:

	Authorized Millage	Levied Millage	Levied Taxes	Expiration Date
General Fund	6.52	6.52	\$ 400,010	-
Policemen Pay Millage Fund	6.00	6.00	343,296	2029
Firemen Pay Millage Fund	2.00	2.00	114,398	2029
Equipment Millage Fund	2.00	2.00	114,398	2029
Total	16.52	16.52	\$ 972,102	

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

Note 15. On-Behalf Payments for Salaries and Benefits

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

Supplemental salary payments are made by the State directly to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual state contribution. For fiscal year 2020, the State paid supplemental salaries to the fire and police employees of the City. The City is required to pay from its own budget the payroll taxes and retirement contributions for these on-behalf payments.

CITY OF PONCHATOULA, LOUISIANA

Notes to Financial Statements

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

On-behalf payments recorded as revenues and expenditures in the financial statements were \$65,306 for firemen supplemental pay and \$128,436 for policemen supplemental pay, for a total supplemental pay amount of \$193,742 for the year ended June 30, 2020.

Note 16. Risk Management and Uncertainties

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2020, the City carried insurance through various commercial carriers to cover all risks of loss. The City had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

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

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

Note 17. Excess Expenditures over Appropriations

During the year ended June 30, 2020, the 1965 Sales Tax Fund actual expenditures of \$17,358 exceeded the budgeted expenditures of \$16,900, resulting in an unfavorable variance of \$458.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY OF PONCHATOULA, LOUISIANA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Revenues				
Sales Taxes	\$ 2,630,200	\$ 2,645,500	\$ 2,780,959	\$ 135,459
Property Taxes	396,800	386,000	400,010	14,010
Intergovernmental Revenue	874,400	60,200	615,475	555,275
Licenses and Permits	657,400	590,500	552,509	(37,991)
Sanitation Service Fees	600,600	621,900	637,549	15,649
Franchise Fees	277,800	283,600	279,933	(3,667)
Fines and Forfeitures	263,200	226,100	206,433	(19,667)
Other Revenues	241,900	263,259	339,615	76,356
Interest Income	60,000	38,000	48,322	10,322
Total Revenues	6,002,300	5,115,059	5,860,805	745,746
Expenditures				
Current				
General Government	1,955,920	1,569,670	1,610,555	(40,885)
Public Safety	4,130,560	4,130,900	4,041,868	89,032
Public Works	3,816,300	2,512,300	2,494,722	17,578
Cemetery	36,900	34,500	34,280	220
Culture and Recreation	596,500	491,500	418,700	72,800
Community Development	158,880	85,200	63,905	21,295
Public Transportation	34,000	40,600	36,885	3,715
Miscellaneous Programs	16,700	14,600	71,503	(56,903)
Debt Service	-	-	80,983	(80,983)
Total Expenditures	10,745,760	8,879,270	8,853,401	25,869
Excess (Deficiency) of Revenues Over Expenditures	(4,743,460)	(3,764,211)	(2,992,596)	771,615
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	20,000	4,100	4,127	27
Transfers In	2,933,700	3,423,700	3,903,692	479,992
Transfers Out	(130,000)	(180,000)	-	180,000
Total Other Financing Sources (Uses)	2,823,700	3,247,800	3,907,819	660,019
Change in Fund Balance	(1,919,760)	(516,411)	915,223	1,431,634
Fund Balance, Beginning of Year	2,393,267	3,548,765	2,267,435	(1,281,330)
Fund Balance, End of Year	\$ 473,507	\$ 3,032,354	\$ 3,182,658	\$ 150,304

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
1965 Sales Tax Fund
For the Year Ended June 30, 2020

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Revenues				
Sales Tax	\$ 2,641,800	\$ 2,584,200	\$ 2,780,959	\$ 196,759
Investment Interest	41,400	28,600	34,439	5,839
Total Revenues	2,683,200	2,612,800	2,815,398	202,598
Expenditures				
General Government				
Collection Fees	16,900	16,900	17,358	(458)
Total Expenditures	16,900	16,900	17,358	(458)
Excess of Revenues Over Expenditures	2,666,300	2,595,900	2,798,040	202,140
Other Financing Sources (Uses)				
Operating Transfers Out	(2,490,000)	(2,980,000)	(3,187,500)	(207,500)
Total Other Financing Sources (Uses)	(2,490,000)	(2,980,000)	(3,187,500)	(207,500)
Change in Fund Balance	176,300	(384,100)	(389,460)	(5,360)
Fund Balance, Beginning of Year	2,641,578	2,782,979	2,782,979	-
Fund Balance, End of Year	\$ 2,817,878	\$ 2,398,879	\$ 2,393,519	\$ (5,360)

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Proportionate Share
of the Net Pension Liability
For the Year Ended June 30, 2020

Schedule 3

Municipal Employees' Retirement System of Louisiana

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

Firefighters' Retirement System of Louisiana

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

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Proportionate Share
of the Net Pension Liability (Continued)
For the Year Ended June 30, 2020

Schedule 3

Municipal Police Employees' Retirement System of Louisiana

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

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

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

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Contributions to Defined
Benefit Pension Plans
For the Year Ended June 30, 2020

Schedule 4

Municipal Employees' Retirement System of Louisiana

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

Firefighters' Retirement System of Louisiana

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

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of the City's Contributions to Defined
Benefit Pension Plans (Continued)
For the Year Ended June 30, 2020

Schedule 4

Municipal Police Employees' Retirement System of Louisiana

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

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF PONCHATOULA, LOUISIANA
 Non-Major Governmental Funds
 Combining Balance Sheet
 June 30, 2020

Schedule 5

	Special Revenue Funds				Permanent Fund	Total Non-Major Funds
	Mausoleum Trust Fund	Firemen Pay Millage Fund	Policemen Pay Millage Fund	Equipment Millage Fund	Cemetery Endowment Fund	
Assets						
Cash	\$ 70	\$ 5,970	\$ 22,560	\$ 206,380	\$ 15,932	\$ 250,912
Investments	29,685	-	-	-	42,516	72,201
Due from Other Funds	-	9,075	27,210	9,075	-	45,360
Total Assets	\$ 29,755	\$ 15,045	\$ 49,770	\$ 215,455	\$ 58,448	\$ 368,473
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	58,448	58,448
Restricted	29,755	15,045	49,770	215,455	-	310,025
Total Fund Balances	29,755	15,045	49,770	215,455	58,448	368,473
Total Liabilities and Fund Balances	\$ 29,755	\$ 15,045	\$ 49,770	\$ 215,455	\$ 58,448	\$ 368,473

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2020

Schedule 6

	Special Revenue Funds				Permanent	Total
	Mausoleum Trust Fund	Firemen Pay Millage Fund	Policemen Pay Millage Fund	Equipment Millage Fund	Cemetery Endowment Fund	
Revenues						
Ad Valorem Taxes	\$ -	\$ 114,398	\$ 343,296	\$ 114,398	\$ -	\$ 572,092
Other Revenues	-	-	-	6,480	-	6,480
Investment Interest	470	81	328	2,040	885	3,804
Total Revenues	470	114,479	343,624	122,918	885	582,376
Expenditures						
Public Safety	-	-	-	18,105	-	18,105
Total Expenditures	-	-	-	18,105	-	18,105
Excess (Deficiency) of Revenues Over Expenditures	470	114,479	343,624	104,813	885	564,271
Other Financing Sources (Uses)						
Transfers Out	-	(114,398)	(343,296)	(3,498)	-	(461,192)
Total Other Financing Sources (Uses)	-	(114,398)	(343,296)	(3,498)	-	(461,192)
Change in Fund Balances	470	81	328	101,315	885	103,079
Fund Balances, Beginning of Year	29,285	14,964	49,442	114,140	57,563	265,394
Fund Balances, End of Year	\$ 29,755	\$ 15,045	\$ 49,770	\$ 215,455	\$ 58,448	\$ 368,473

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Compensation of Paid Elected Officials
For the Year Ended June 30, 2020

Schedule 7

Name and Title	Address	Term of Office	Amount
Robert F. Zabbia Mayor	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2016 - June 30, 2020	\$ 110,211 *
Bry Layrisson Chief of Police	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2016 - June 30, 2020	130,559 *
Braville LeBlanc City Council, District A	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2016 - June 30, 2020	9,600
Roslind Batiste City Council, District B	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2016 - June 30, 2020	9,600
Larry "Jeff" Daniels City Council, District C	125 W. Hickory Street Ponchatoula, LA 70454 (985) 386-6484	July 1, 2016 - June 30, 2020	9,600
Melvin Toomer City Council, District D	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	July 1, 2016 - June 30, 2020	9,600
Vergil J. Sandifer City Council, District E	125 W. Hickory Street Ponchatoula, LA 70444 (985) 386-6484	August 8, 2016 - June 30, 2020	9,600
Total			<u>\$ 288,770</u>

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

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2020

Schedule 8

Agency Head
Honorable Robert F. Zabbia, Mayor

Purpose	Amount
Salary	\$86,986
Benefits - Insurance	\$657
Benefits - Retirement	\$10,568
Deferred Compensation	\$0
Benefits - Other - Supplemental Pay	\$0
Car Allowance	\$10,800
Vehicle Provided by Government	\$0
Vehicle Rental	\$0
Cell Phone	\$1,200
Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Other	\$0
Total	\$110,211

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Chief of Police
For the Year Ended June 30, 2020

Schedule 9

Bry Layrrison, Chief of Police

Purpose	Amount
Salary	\$78,102
Benefits - Insurance	\$10,842
Benefits - Retirement	\$23,615
Deferred Compensation	\$0
Benefits - Other - Supplemental Pay	\$6,000
Car Allowance	\$10,800
Vehicle Provided by Government	\$0
Vehicle Rental	\$0
Cell Phone	\$1,200
Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Other	\$0
Total	\$130,559

See independent auditor's report.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Schedule 10

Federal Grantor/Pass-Through Entity/Program Title	Federal CFDA Number	Pass Through/ Grantor Number	Total
U.S. Department of Housing and Urban Development			
Pass-Through Awards:			
State of Louisiana - Office of Community Development Community Development Block Grant	14.228	HUD/State ID# B-18-DC-22-0001	<u>\$ 949,887</u>
Total U.S. Department of Housing and Urban Development			<u>949,887</u>
U.S. Department of Treasury			
Pass-Through Awards:			
State of Louisiana - Office of Community Development Coronavirus Relief Fund	21.019	1900628383	<u>580,833</u>
Total U.S. Department of Treasury			<u>580,833</u>
Total Expenditures of Federal Awards			<u>\$ 1,530,720</u>

Note 1. Basis of Presentation

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

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

See independent auditor's report.

OTHER REPORTS

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

Independent Auditor's Report

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ponchatoula, Louisiana (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
December 2, 2020

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited City of Ponchatoula, Louisiana (the City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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



A Professional Accounting Corporation

Covington, LA
December 2, 2020

CITY OF PONCHATOULA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

A. Summary of Auditor's Results

Financial Statements

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

Federal Awards

- | | |
|--|---------------|
| 4. Internal control over financial reporting | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 5. Type of auditor's report issued on compliance for major program | Unmodified |
| 6. Audit findings disclosure that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7. Identification of major program | |
| 14.228 - Community Development Block Grant | |
| 8. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

B. Financial Statement Findings

None.

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

None.

CITY OF PONCHATOULA, LOUISIANA
Schedule of Prior Audit Findings
June 30, 2020

None.