

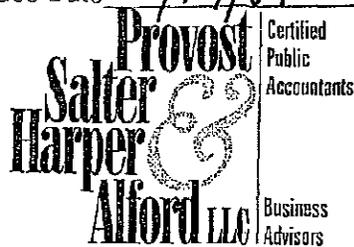
**CITY OF PORT ALLEN,  
LOUISIANA**

**FINANCIAL REPORT**

**June 30, 2008**

*Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.*

Release Date 1/14/09



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# CITY OF PORT ALLEN, LOUISIANA

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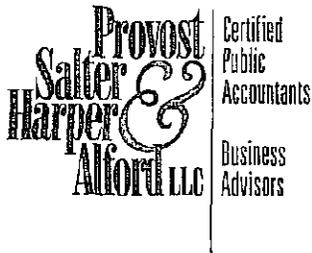
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## INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Honorable Mayor and Members of the City Council  
City of Port Allen, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Port Allen, Louisiana's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

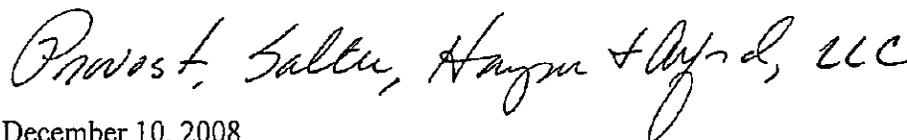
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2008, on our consideration of the City of Port Allen'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 16 and the budgetary comparison information on pages 58 through 65 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprised the City of Port Allen, Louisiana's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Port Allen, Louisiana. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PROVOST, SALTER, HARPER & ALFORD, LLC



December 10, 2008

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2008

We offer readers of the City of Port Allen's financial statements this narrative overview and analysis of the financial activities of the City of Port Allen for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

#### Financial Highlights

Key financial highlights for the 2008 fiscal year include the following:

- The assets of the City of Port Allen exceeded its liabilities at the close of the most recent fiscal year by \$14,172,451 (net assets). Of this amount, \$1,623,548 (unrestricted net assets) may be used to meet the government's current obligations to citizens and creditors.
- The total net assets of the City of Port Allen increased by \$663,175 for the year ended June 30, 2008. Net assets of governmental activities increased by \$867,935 and net assets of business-type activities decreased by \$204,760.
- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported combined ending fund balance of \$8,167,131, an increase of \$729,893 in comparison with the prior fiscal year, primarily due to an increase in sales tax revenue. The majority of this fund balance is comprised of approximately \$4.1 million for the General Fund, \$1.9 million for the Capital Improvements Fund and \$1.7 million for the Port Allen Fire Subdistrict No. 3.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$1,589,042, or 38.0% of total General Fund expenditures.
- The City of Port Allen's total long term debt decreased \$141,696 (2.9%) during the fiscal year as a result of: (1) the payment of \$65,000 on the balance of a loan for a sewer effluent line constructed in 1998, and (2) the payment of \$90,000 on the balance of the bonds for the new city hall and (3) an overall increase of \$13,304 in the amount of estimated long term compensated absences.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2008

#### Overview of the Financial Statements

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

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

The Statement of Net Assets presents information on all of the City of Port Allen's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Port Allen is improving or deteriorating.

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

The Statement of Net Assets and the Statement of Activities distinguish functions of the City of Port Allen that are principally supported by taxes, intergovernmental revenues, and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City of Port Allen's governmental activities include general government, public safety, roads and drainage, sanitation, culture, welfare and City Court. The business-type activities of the City of Port Allen include water, gas and sewerage.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2008

Not only do the government-wide financial statements include the City of Port Allen itself, which is the primary government, but also its component unit, The City Court of Port Allen. Although the component unit is legally separate, its operational or financial relationship with the City of Port Allen makes the City of Port Allen financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

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 of Port Allen, 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 of Port Allen can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2008

The City of Port Allen maintains seven individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Port Allen Fire Subdistrict Number 3, The Capital Improvements Fund, The Low Income Housing Assistance Fund, and The Municipal Complex Debt Service Fund, all of which are considered to be major funds. Data for the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Port Allen adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided for certain of these funds to demonstrate compliance with these budgets.

*Proprietary funds.* The two types of proprietary funds are enterprise funds and internal service funds. Enterprise funds are used to report the water, gas, and sewerage activities of the City, which are presented as business-type activities in the government-wide financial statements. The City of Port Allen uses two enterprise funds – one to account for its water and gas services, and one to account for its sewer services.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the water and gas and sewerage operations, which are considered to be major funds of City of Port Allen.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Port Allen's compliance with budgets for its major funds.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons.

## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2008

#### Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Port Allen, assets exceed liabilities by \$14,172,451 at the close of the most recent fiscal year.

By far the largest portion of the City of Port Allen's net assets (36 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Port Allen uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Port Allen's investment in its 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.

#### City of Port Allen's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 8,749,215	\$ 8,096,288	\$ 1,606,499	\$ 2,045,012	\$ 10,355,714	\$ 10,141,300
Restricted assets	337,293	358,294	258,541	253,269	595,834	611,563
Capital assets	6,876,106	6,821,925	2,255,831	1,983,070	9,131,937	8,804,995
<b>Total assets</b>	<b>15,962,614</b>	<b>15,276,507</b>	<b>4,120,871</b>	<b>4,281,351</b>	<b>20,083,485</b>	<b>19,557,858</b>
Current and other liabilities	726,280	819,338	506,132	408,926	1,232,412	1,228,264
Long-term liabilities	3,805,175	3,893,945	873,447	926,373	4,678,622	4,820,318
<b>Total liabilities</b>	<b>4,531,455</b>	<b>4,713,283</b>	<b>1,379,579</b>	<b>1,335,299</b>	<b>5,911,034</b>	<b>6,048,582</b>
Net assets:						
Invested in capital assets, net of related debt	3,506,106	3,361,925	1,564,708	1,226,947	5,070,814	4,588,872
Restricted	6,578,089	6,064,838	900,000	900,000	7,478,089	6,964,838
Unrestricted	1,346,964	1,136,461	276,584	819,105	1,623,548	1,955,566
<b>Total net assets</b>	<b>\$ 11,431,159</b>	<b>\$ 10,563,224</b>	<b>\$ 2,741,292</b>	<b>\$ 2,946,052</b>	<b>\$ 14,172,451</b>	<b>\$ 13,509,276</b>

The balance of unrestricted net assets of \$1,623,548 is used to meet the City of Port Allen's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Port Allen is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2008**

The City of Port Allen's net assets increased by \$663,175 during the current fiscal year. The change is shown below and is discussed on pages 9 through 11.

**City of Port Allen's Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<i>Revenues</i>						
<i>Program revenues:</i>						
Charges for services	\$ 830,826	\$ 804,927	\$ 2,523,231	\$ 2,554,314	\$ 3,354,057	\$ 3,359,241
Grants and contributions	747,648	766,625	-	-	747,648	766,625
<i>General revenues:</i>						
Property taxes	394,855	367,654	-	-	394,855	367,654
Franchise taxes	400,389	385,534	-	-	400,389	385,534
Intergovernmental revenues	4,657,206	4,088,120	-	-	4,657,206	4,088,120
Investment earnings	289,116	354,189	77,777	108,325	366,893	462,514
Other general revenues	72,999	47,794	(24,005)	61,820	48,994	109,614
<b>Total revenues</b>	<b>7,393,039</b>	<b>6,814,843</b>	<b>2,577,003</b>	<b>2,724,459</b>	<b>9,970,042</b>	<b>9,539,302</b>
<i>Expenses</i>						
General Government	808,903	616,218	-	-	808,903	616,218
Public Safety	2,542,226	2,445,957	-	-	2,542,226	2,445,957
Roads and Drainage	1,711,849	1,236,909	-	-	1,711,849	1,236,909
Depot Welcoming Center	10,092	21,703	-	-	10,092	21,703
Sanitation	460,517	456,244	-	-	460,517	456,244
Animal Control	34,128	24,256	-	-	34,128	24,256
Welfare	559,726	550,157	-	-	559,726	550,157
Community Development	128,696	90,170	-	-	128,696	90,170
Fleet Maintenance	104,038	100,212	-	-	104,038	100,212
Debt Service	164,929	168,527	-	-	164,929	168,527
Water, Sewage and Gas	-	-	2,781,763	2,753,810	2,781,763	2,753,810
<b>Total expenses</b>	<b>6,525,104</b>	<b>5,710,353</b>	<b>2,781,763</b>	<b>2,753,810</b>	<b>9,306,867</b>	<b>8,464,163</b>
<b>Increase (decrease) in net assets</b>	<b>867,935</b>	<b>1,104,490</b>	<b>(204,760)</b>	<b>(29,351)</b>	<b>663,175</b>	<b>1,075,139</b>
<b>Net assets - beginning</b>	<b>10,563,224</b>	<b>9,458,734</b>	<b>2,946,052</b>	<b>2,975,403</b>	<b>13,509,276</b>	<b>12,434,137</b>
<b>Net assets at end of year</b>	<b>\$ 11,431,159</b>	<b>\$ 10,563,224</b>	<b>\$ 2,741,292</b>	<b>\$ 2,946,052</b>	<b>\$ 14,172,451</b>	<b>\$ 13,509,276</b>

## **City of Port Allen, Louisiana**

### **Management's Discussion and Analysis**

**June 30, 2008**

#### **Governmental Activities**

Revenues for the City of Port Allen's governmental activities for the year ended June 30, 2008 were \$7,393,039 compared to \$6,814,843 in the year ended June 30, 2007.

- Sales taxes increased by \$563,269. Sales taxes are 69% of general revenues and 55% of total revenues.
- Investment earnings decreased \$65,073, mainly as a result of lower market rates.

#### **Business-type activities**

The business-type activities of the City are those for which the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Water & Gas and Sewer funds are addressed here.

- Charges for services for the City's business-type activities were \$2,523,231, a decrease of \$31,083, mainly as a result of lower industrial demand for natural gas.
- The City's business-type activities resulted in a total operating loss of \$229,307, mainly due to an inadequate rate structure.
- The operating losses were mitigated to some degree by investment performance, which although having fallen short of last years investment returns by \$30,548, did exceed by \$15,822 interest expense and a loss on the sale of an asset.

**City of Port Allen, Louisiana**

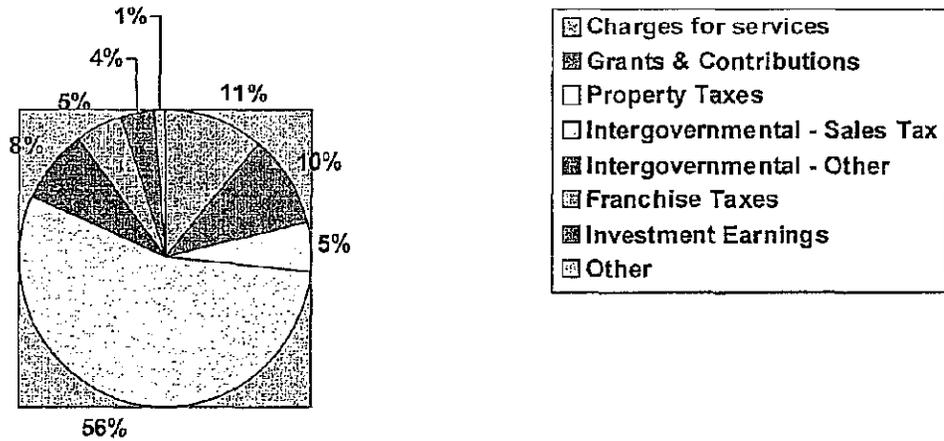
**Management's Discussion and Analysis**

**June 30, 2008**

**Total Governmental Activities Revenues**

	<u>Amount</u>	<u>Percentage</u>
Charges for services	\$ 830,826	11%
Grants and contributions	747,648	10%
Property taxes	394,855	5%
Intergovernmental:		
Sales taxes	4,057,352	56%
Other	599,854	8%
Franchise taxes	400,389	5%
Investment earnings	289,116	4%
Other	72,999	1%
<b>Total governmental activities revenues</b>	<b>\$ 7,393,039</b>	<b>100%</b>

**Revenues**



**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

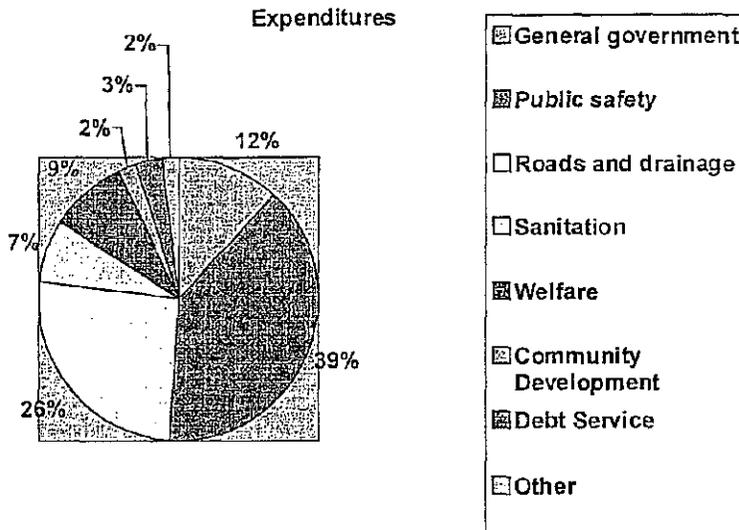
**June 30, 2008**

**Total Governmental Activities Expenditures**

The cost of all governmental activities this year was \$6,525,104, an increase of \$814,751. Key factors for the increase were: (1) \$191,484 for general government expenses, (2) \$96,269 for public safety expenses and (3) \$480,899 for roads and drainage expenses.

	<u>Amount</u>	<u>Percentage</u>
General government	\$ 808,903	12%
Public safety	2,542,226	39%
Roads and drainage	1,711,849	26%
Sanitation	460,517	7%
Welfare	559,726	9%
Community Development	128,696	2%
Debt Service	164,929	3%
Other	148,258	2%
<b>Total governmental activities expenditures</b>	<b>\$ 6,525,104</b>	<b>100%</b>

The City of Port Allen's largest governmental activity is public safety. The graph below shows the expenses generated by all governmental activities:



## City of Port Allen, Louisiana

### Management's Discussion and Analysis

June 30, 2008

#### Financial Analysis of the City of Port Allen's Funds

##### Governmental Funds

As noted earlier, the City of Port Allen uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Port Allen's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Port Allen's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported a combined ending fund balance of \$8,167,131, an increase of \$729,893 in comparison with the prior fiscal year. Of this amount, \$1,589,042 or 19.5% was unreserved, undesignated and available for spending. \$6,578,089 or 80.5% was reserved or designated to indicate that it is not available for new spending because it has already been committed.
- The General Fund is the chief operating fund of the City of Port Allen. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,589,042. That amount is undesignated and is available for spending at the City Council's discretion. The total fund balance of the City of Port Allen's General Fund increased by \$221,857, even though a \$500,000 transfer to the Capital Improvements Fund was authorized and made possible by a large increase in sales tax revenue.
- The fund entitled "Port Allen Fire Subdistrict Number 3" accounts for fire and emergency activities. At the end of the current fiscal year, reserved fund balance of the Fund was \$1,715,317, an increase of \$161,835 due to an increase in sales tax revenue.
- The Capital Improvements Fund accumulates monies for future capital outlays, as decided upon by the City's management and approved by the City Council. At the end of the current fiscal year, the fund balance of this fund was \$1,952,286, all of which is reserved for capital improvements.
- The Low Income Housing Assistance Fund accounts for all resources and expenditures in connection with the expenditure and subsequent reimbursement of funds received from the U.S. Department of Housing and Urban development for rental assistance to low income citizens who qualify. At the end of the current fiscal year, the fund balance of this fund was \$134,557, all of which is reserved for housing assistance.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2008**

- The Municipal Complex Debt Service Fund is operational through proceeds from debt and transfers from the Capital Improvements Fund of the City. At the end of the current fiscal year, the fund balance of this fund was \$150,673, all of which is reserved for debt service.

**Proprietary Funds**

Water & Gas Fund and Sewer Fund net assets decreased by \$204,760. The operating loss increased by \$61,455 to \$229,307, and is caused by rates that are established at levels too low to cover costs.

**General Fund Budgetary Highlights**

The budget policy of the City of Port Allen complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government budget Act (LSA-R.S. 39:1301 et seq.).

The original budget for the General Fund of the City of Port Allen was adopted on June 13, 2007. Some amendments were made. Differences between the budget and the actual results of the General Fund are as follows:

**Revenues**

- General Fund revenues were \$221,228 and \$1,072,727 higher than revised and original budget estimates, respectively. Sales tax revenue was the largest contributor to those favorable budget variances.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2008**

**Expenditures**

- Total expenditures were \$39,384 (.95%) higher than the revised budget estimate and \$378,615 (9.9%) higher than the original budget estimate, primarily due to costs associated with correcting significant storm water drainage deficiencies throughout the City.

**Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$9,131,937 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and structures, furniture and fixtures, equipment and vehicles, the sewer system and wastewater treatment plant, and the water and gas systems. Due to its size, the City of Port Allen is not required to report infrastructure assets acquired before June 30, 2004. However, the City will continue to report new infrastructure assets in the year acquired.

Additional information on the City's capital assets can be found in Note 5 on page 46 through 48 of this financial report.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land and Land improvements	\$ 861,301	\$ 998,801	\$ 23,573	\$ 23,573	\$ 884,874	\$ 1,022,374
Buildings and structures	4,360,619	4,421,097	205,099	213,526	4,565,718	4,634,623
Furniture and Fixtures	296,298	288,526	18,722	11,501	315,020	300,027
Equipment and vehicles	1,357,888	1,113,501	113,281	54,053	1,471,169	1,167,554
Wastewater treatment plant	-	-	321,675	69,391	321,675	69,391
Water System	-	-	286,462	281,446	286,462	281,446
Gas System	-	-	201,269	212,739	201,269	212,739
Sewer System	-	-	1,085,750	1,116,841	1,085,750	1,116,841
<b>Total</b>	<b>\$ 6,876,106</b>	<b>\$ 6,821,925</b>	<b>\$ 2,255,831</b>	<b>\$ 1,983,070</b>	<b>\$ 9,131,937</b>	<b>\$ 8,804,995</b>

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2008**

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

- The purchase of a new belt filter press system for the wastewater treatment plant for \$307,214.
- Purchase of a new fire department pumper truck for \$332,927.
- The completion of the 2007-2008 road maintenance and rehabilitation project in the amount of \$376,320 and the rehabilitation of Commercial Drive in the amount of \$117,684.

**Long Term Debt**

At the end of the current fiscal year, the City of Port Allen had total debt outstanding of \$4,678,622. Of this amount, \$3,370,000 comprises debt backed by the full faith and credit of the government, \$691,123 represents debt secured by specified revenue sources, and \$617,499 represents the City's estimated liability for compensated absences. The following table summarizes debt outstanding at June 30, 2008.

**Long Term Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue Bonds Payable	\$ 3,370,000	\$3,460,000	\$ 691,123	\$ 756,123	\$ 4,061,123	\$4,216,123
Compensated Absences	435,175	433,945	182,324	170,250	617,499	604,195
<b>Total Long Term Debt</b>	<b>\$ 3,805,175</b>	<b>\$3,893,945</b>	<b>\$ 873,447</b>	<b>\$ 926,373</b>	<b>\$ 4,678,622</b>	<b>\$4,820,318</b>

During the fiscal year, the City's total debt decreased by \$141,696, due to the repayment of \$90,000 on revenue bonds issued for the new city hall construction and \$65,000 to the Department of Environmental Quality Revolving Loan Fund and an overall increase of \$13,304 in the estimated long term compensated absences.

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

**City of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**June 30, 2008**

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors were considered when the budget for FY 2009 was presented to the Council:

- For the year ending June 30, 2009, the City of Port Allen has projected a 3.8% increase in property tax revenues over the original budget for the prior fiscal year, and a 7.6% increase in sales tax revenues over the original budget for the prior fiscal year. Because our share of sales taxes is based on population, we annexed into the City a large area south of the city limits in August, 2008 and are in the process of annexing another area that lies just west of the City.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Port Allen's finances for all those with an interest in the City of Port Allen's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer of the City of Port Allen, 375 Court Street, Port Allen, LA, 70767, or by calling (225) 346-5670.

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**CITY OF PORT ALLEN, LOUISIANA**

*Basic Financial Statements*

*June 30, 2008*

# CITY OF PORT ALLEN, LOUISIANA

## Statement of Net Assets

June 30, 2008

	Primary Government			Component unit
	Government activities	Business-type activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 5,509,133	\$ 1,066,973	\$ 6,576,106	\$ 66,479
Investments	2,186,251	47,637	2,233,888	157,407
Receivables, net	163,981	319,534	483,515	-
Due from other funds	260,221	120,643	380,864	16,273
Due from other governments	430,749	-	430,749	-
Prepaid items and other assets	95,783	51,712	147,495	-
Capitalized bond costs	103,097	-	103,097	-
Restricted assets:				
Cash and cash equivalents	337,293	143,328	480,621	-
Investments	-	115,213	115,213	-
Capital assets:				
Land	861,301	23,573	884,874	-
Other capital assets, net of depreciation	6,014,805	2,232,258	8,247,063	40,303
<b>Total assets</b>	<b>15,962,614</b>	<b>4,120,871</b>	<b>20,083,485</b>	<b>280,462</b>
<b>Liabilities</b>				
Accounts payable	477,822	149,497	627,319	10,793
Due to other funds	163,494	217,370	380,864	-
Deposits and deferred charges	-	132,440	132,440	-
Contract retainage payable	2,500	-	2,500	-
Accrued interest payable	82,464	6,825	89,289	-
Noncurrent liabilities:				
Due within one year	90,000	65,000	155,000	-
Due in more than one year	3,715,175	808,447	4,523,622	-
<b>Total liabilities</b>	<b>4,531,455</b>	<b>1,379,579</b>	<b>5,911,034</b>	<b>10,793</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	3,506,106	1,564,708	5,070,814	40,303
Restricted for:				
Prepaid expenses	57,885	-	57,885	-
Public safety	1,718,317	-	1,718,317	-
Welfare	134,557	-	134,557	-
Debt service	150,673	-	150,673	-
Capital improvements	2,016,657	-	2,016,657	-
Ordinance No. 1 of 2006	2,500,000	900,000	3,400,000	-
Unrestricted	1,346,964	276,584	1,623,548	229,366
<b>Total net assets</b>	<b>\$ 11,431,159</b>	<b>\$ 2,741,292</b>	<b>\$ 14,172,451</b>	<b>\$ 269,669</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Activities*

*Year Ended June 30, 2008*

	Program Revenues			Net (expenses) revenue and change in assets		Component units	
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities		Primary Government Business-type activities
<b>Functions/programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 808,903	\$ 398,367	\$ -	\$ -	\$ (410,536)	\$ -	\$ (410,536)
Public safety	2,542,226	73,599	26,868	58,314	(2,383,445)	-	(2,383,445)
Roads and drainage	1,711,849	-	80,600	-	(1,631,249)	-	(1,631,249)
Depot welcoming center	10,092	-	-	-	(10,092)	-	(10,092)
Sanitation	460,517	358,860	-	-	(101,657)	-	(101,657)
Animal control	34,128	-	-	-	(34,128)	-	(34,128)
Welfare	559,726	-	581,866	-	22,140	-	22,140
Community Development	128,696	-	-	-	(128,696)	-	(128,696)
Fleet maintenance	104,038	-	-	-	(104,038)	-	(104,038)
Debt Service	164,929	-	-	-	(164,929)	-	(164,929)
<b>Total governmental activities</b>	<b>\$ 6,525,104</b>	<b>\$ 830,816</b>	<b>\$ 689,334</b>	<b>\$ 58,314</b>	<b>\$ (4,946,630)</b>	<b>\$ -</b>	<b>\$ (4,946,630)</b>
<b>Business-type activities</b>							
Water and Gas	1,997,430	1,821,707	-	-	(175,723)	-	(175,723)
Sewer	784,333	701,524	-	-	(82,809)	-	(82,809)
<b>Total business-type activities</b>	<b>2,781,763</b>	<b>2,523,231</b>	<b>-</b>	<b>-</b>	<b>(258,532)</b>	<b>-</b>	<b>(258,532)</b>
<b>Total primary government</b>	<b>\$ 9,306,867</b>	<b>\$ 3,354,057</b>	<b>\$ 689,334</b>	<b>\$ 58,314</b>	<b>\$ (4,946,630)</b>	<b>\$ (258,532)</b>	<b>\$ (5,205,162)</b>
<b>Component units:</b>							
City Court	\$ 353,275	\$ 335,997	\$ -	\$ -	\$ -	\$ -	\$ (17,278)
<b>General revenues:</b>							
Property taxes					\$ 394,855	\$ -	\$ 394,855
Franchise taxes					400,389	-	400,389
Intergovernmental revenue					4,057,352	-	4,057,352
Sales and use taxes					444,761	-	444,761
Other income					155,093	-	155,093
Investment earnings					771,777	771,777	1,543,554
Gain on Sale of Assets					289,116	366,893	655,993
Transfers					38,966	(32,730)	6,236
Miscellaneous					(8,725)	8,725	-
<b>Total general revenues and transfers</b>					<b>5,814,565</b>	<b>53,772</b>	<b>5,868,337</b>
<b>Change in net assets</b>					<b>867,935</b>	<b>(204,760)</b>	<b>663,175</b>
<b>Net assets - beginning</b>					<b>10,563,224</b>	<b>2,946,052</b>	<b>13,509,276</b>
<b>Net assets - ending</b>					<b>\$ 11,431,159</b>	<b>\$ 2,741,292</b>	<b>\$ 14,172,451</b>
							<b>\$ 269,669</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Balance Sheet, Governmental Funds*

*June 30, 2008*

	General	Port Allen Fire Subdistrict Number 3	Capital Improvements Fund	Low-Income Housing Assistance	Municipal Complex Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 2,637,449	\$ 742,065	\$ 1,933,801	\$ 143,327	\$ -	\$ 52,491	\$ 5,509,133
Investments	1,380,705	805,546	-	-	-	-	2,186,251
Receivables, net	142,305	21,452	-	-	224	-	163,981
Due from other funds	116,042	3,339	-	-	-	-	119,381
Due from other governments	248,294	150,084	32,371	-	-	-	430,749
Prepaid items and other assets	57,885	37,900	-	-	-	-	95,785
Restricted cash and cash equivalents	-	-	-	-	322,913	14,380	337,293
<b>Total assets</b>	<b>\$ 4,582,680</b>	<b>\$ 1,760,386</b>	<b>\$ 1,966,172</b>	<b>\$ 143,327</b>	<b>\$ 323,137</b>	<b>\$ 66,871</b>	<b>\$ 8,842,573</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 432,753	\$ 45,069	\$ -	\$ -	\$ -	\$ -	\$ 477,822
Bonds payable within one year	-	-	-	-	90,000	-	90,000
Due to other funds	-	-	13,886	8,770	-	-	22,656
Contract retainage payable	-	-	-	-	-	2,500	2,500
Accrued interest payable	-	-	-	-	82,464	-	82,464
<b>Total liabilities</b>	<b>432,753</b>	<b>45,069</b>	<b>13,886</b>	<b>8,770</b>	<b>172,464</b>	<b>2,500</b>	<b>675,442</b>
<b>Fund balance:</b>							
<b>Reserved for:</b>							
Prepaid items	57,885	-	-	-	-	-	57,885
Public safety	3,000	1,715,317	-	-	-	-	1,718,317
Welfare	-	-	-	134,557	-	-	134,557
Debt service	-	-	-	-	150,673	-	150,673
Capital improvements	-	-	1,952,286	-	-	64,371	2,016,657
Ordinance No. 1 of 2006	2,500,000	-	-	-	-	-	2,500,000
Unreserved, undesignated	1,589,042	-	-	-	-	-	1,589,042
<b>Total fund balance</b>	<b>4,149,927</b>	<b>1,715,317</b>	<b>1,952,286</b>	<b>134,557</b>	<b>150,673</b>	<b>64,371</b>	<b>8,167,131</b>
<b>Total liabilities and fund balance</b>	<b>\$ 4,582,680</b>	<b>\$ 1,760,386</b>	<b>\$ 1,966,172</b>	<b>\$ 143,327</b>	<b>\$ 323,137</b>	<b>\$ 66,871</b>	<b>\$ 8,842,573</b>

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**CITY OF PORT ALLEN, LOUISIANA**

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets****June 30, 2008**

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<b>Fund balances - total governmental funds</b>		<b>\$ 8,167,131</b>
Amounts reported for governmental activities in the statement of net assets 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	9,691,303	
Less accumulated depreciation	<u>(2,815,197)</u>	
		6,876,106
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
Capitalized bond costs		103,097
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds		
Bonds payable	(3,280,000)	
Compensated absences	<u>(435,175)</u>	
		<u>(3,715,175)</u>
Net assets of governmental activities		<u><u>\$ 11,431,159</u></u>

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds*

*Year Ended June 30, 2008*

	General	Port Allen Fire Subdistrict Number 3	Capital Improvements Fund	Low-Income Housing Assistance	Municipal Complex Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 795,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 795,244
Licenses and permits	398,367	-	-	-	-	-	398,367
Intergovernmental	2,974,838	1,450,154	392,695	581,866	-	-	5,399,553
Charges for services	379,965	-	-	-	-	-	379,965
Fines and forfeitures	52,494	-	-	-	-	-	52,494
Investment earnings	183,688	45,156	53,227	76	4,886	2,080	289,113
Miscellaneous	41,167	6,893	-	-	-	-	48,060
<b>Total revenues</b>	<b>4,825,763</b>	<b>1,502,203</b>	<b>445,922</b>	<b>581,942</b>	<b>4,886</b>	<b>2,080</b>	<b>7,362,796</b>
<b>Expenditures</b>							
<b>Current</b>							
General government	563,056	-	-	-	-	1,800	564,856
Public safety	1,548,985	891,352	-	-	-	-	2,440,337
Roads and drainage	1,315,103	-	4,800	-	-	10,017	1,329,920
Depot welcome center	10,094	-	-	-	-	-	10,094
Sanitation	460,517	-	-	-	-	-	460,517
Health	34,128	-	-	-	-	-	34,128
Welfare	-	-	-	559,726	-	-	559,726
Community Development	128,696	-	-	-	-	-	128,696
Fleet maintenance	103,027	-	-	-	-	-	103,027
<b>Capital outlay</b>							
General government	-	-	2,201	-	-	21,566	23,767
Public safety	9,000	378,174	53,563	-	-	-	440,737
Fleet maintenance	-	-	12,446	-	-	-	12,446
Roads and drainage	-	-	431,109	-	-	-	431,109
<b>Debt Service</b>							
Principal	-	-	-	-	90,000	-	90,000
Interest and other charges	-	-	-	-	172,008	-	172,008
<b>Total expenditures</b>	<b>4,172,606</b>	<b>1,269,526</b>	<b>504,119</b>	<b>559,726</b>	<b>262,008</b>	<b>33,383</b>	<b>6,801,368</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>653,157</b>	<b>232,677</b>	<b>(58,197)</b>	<b>22,216</b>	<b>(257,122)</b>	<b>(31,303)</b>	<b>561,428</b>
<b>Other Financing Sources (Uses)</b>							
Sales of general fixed assets	1,475	715	175,000	-	-	-	177,190
Operating transfers in	67,225	-	500,000	-	262,008	600	829,833
Operating transfers out	(500,000)	(71,557)	(262,608)	(4,393)	-	-	(838,558)
<b>Total other financing sources (uses)</b>	<b>(431,300)</b>	<b>(70,842)</b>	<b>412,392</b>	<b>(4,393)</b>	<b>262,008</b>	<b>600</b>	<b>168,465</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>221,857</b>	<b>161,835</b>	<b>354,195</b>	<b>17,823</b>	<b>4,886</b>	<b>(30,703)</b>	<b>729,893</b>
<b>Fund Balances</b>							
Beginning	3,928,070	1,553,482	1,598,091	116,734	145,787	95,074	7,437,238
Ending	\$ 4,149,927	\$ 1,715,317	\$ 1,952,286	\$ 134,557	\$ 150,673	\$ 64,371	\$ 8,167,131

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**CITY OF PORT ALLEN, LOUISIANA**

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**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, Changes in Fund Balances to the Statement of Activities****Year Ended June 30, 2008**

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

Net change in fund balances - total governmental funds \$ 729,893

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Capital outlay	531,739	
Depreciation expense	<u>(339,334)</u>	
		192,405

The net effect of various miscellaneous transactions involving capital assets  
(i.e., sales, trade-ins, and donations) is to increase net assets. (138,222)

The issuance of long term debt provides current financial resources to  
governmental funds, while the repayment of the principal of long term debt  
consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net assets.

Principal payments		90,000
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Some expenses reported in the statement of activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

Amortization of issuance costs	(3,017)	
Amortization of original issue discount	(1,893)	
Increase in compensated absences	<u>(1,231)</u>	
		<u>(6,141)</u>

Change in net assets of governmental activities		<u>\$ 867,935</u>
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# CITY OF PORT ALLEN, LOUISIANA

## Statement of Net Assets, Proprietary Funds

June 30, 2008

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 802,753	\$ 264,220	\$ 1,066,973
Investments	47,637	-	47,637
Accounts receivable, net	317,990	1,544	319,534
Due from other funds	120,643	-	120,643
Prepaid expenses and other current assets	44,005	7,707	51,712
<b>Total current assets</b>	<b>1,333,028</b>	<b>273,471</b>	<b>1,606,499</b>
<b>Non-current Assets</b>			
Restricted:			
Cash and cash equivalents	132,440	10,888	143,328
Investments	-	115,213	115,213
<b>Total restricted assets</b>	<b>132,440</b>	<b>126,101</b>	<b>258,541</b>
Capital assets:			
Land and land improvements	16,193	7,380	23,573
Buildings and structures	296,874	-	296,874
Furniture and fixtures	104,618	2,120	106,738
Equipment and vehicles	188,629	111,975	300,604
Wastewater treatment plant	-	803,193	803,193
Water system	1,323,145	-	1,323,145
Gas system	917,071	-	917,071
Sewer system	-	1,685,473	1,685,473
Less accumulated depreciation	(2,064,473)	(1,136,367)	(3,200,840)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>782,057</b>	<b>1,473,774</b>	<b>2,255,831</b>
<b>Total non-current assets</b>	<b>914,497</b>	<b>1,599,875</b>	<b>2,514,372</b>
<b>Total assets</b>	<b>2,247,525</b>	<b>1,873,346</b>	<b>4,120,871</b>

# CITY OF PORT ALLEN, LOUISIANA

Statement of Net Assets, Proprietary Funds, Continued

June 30, 2008

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Liabilities</b>			
<b>Current Liabilities (payable from current assets):</b>			
Accounts payable	124,109	25,388	149,497
Due to other funds	96,727	120,643	217,370
Customer deposits	132,440	-	132,440
<b>Total current liabilities (payable from current assets)</b>	<b>353,276</b>	<b>146,031</b>	<b>499,307</b>
<b>Current Liabilities (payable from restricted assets):</b>			
Accrued interest payable on revenue bonds	-	6,825	6,825
Current portion of long-term debt	-	65,000	65,000
<b>Total current liabilities (payable from restricted assets)</b>	<b>-</b>	<b>71,825</b>	<b>71,825</b>
<b>Non-current Liabilities:</b>			
Compensated absences	104,946	77,378	182,324
Bonds and notes payable	-	626,123	626,123
<b>Total non-current liabilities</b>	<b>104,946</b>	<b>703,501</b>	<b>808,447</b>
<b>Total liabilities</b>	<b>458,222</b>	<b>921,357</b>	<b>1,379,579</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	782,057	782,651	1,564,708
Restricted for:			
Ordinance No. 1 of 2006	900,000	-	900,000
Unrestricted	107,246	169,338	276,584
<b>Total net assets</b>	<b>\$ 1,789,303</b>	<b>\$ 951,989</b>	<b>\$ 2,741,292</b>

# CITY OF PORT ALLEN, LOUISIANA

## Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

Year Ended June 30, 2008

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
<b>Operating Revenues</b>			
Charges for services			
Gas sales	\$ 1,304,063	\$ -	\$ 1,304,063
Water sales	430,459	-	430,459
Sewer service charges	-	692,656	692,656
Connection fees	19,485	6,768	26,253
Delinquent charges	37,403	-	37,403
Miscellaneous	30,297	2,100	32,397
<b>Total Operating Revenues</b>	<b>1,821,707</b>	<b>701,524</b>	<b>2,523,231</b>
<b>Operating Expenses</b>			
Personal services	600,372	329,345	929,717
Contractual services and other	229,991	207,265	437,256
Supplies	31,359	68,724	100,083
Materials	1,032,150	5,713	1,037,863
Heat, light and power	59,977	83,087	143,064
Depreciation	43,581	60,974	104,555
<b>Total Operating Expenses</b>	<b>1,997,430</b>	<b>755,108</b>	<b>2,752,538</b>
<b>Operating Income (Loss)</b>	<b>(175,723)</b>	<b>(53,584)</b>	<b>(229,307)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Loss on disposal of assets	-	(32,730)	(32,730)
Interest expense	-	(29,225)	(29,225)
Investment earnings	55,511	22,266	77,777
<b>Total Nonoperating Revenues (Expenses)</b>	<b>55,511</b>	<b>(39,689)</b>	<b>15,822</b>
<b>Income (loss) before transfers</b>	<b>(120,212)</b>	<b>(93,273)</b>	<b>(213,485)</b>
Transfer in (out)	29,689	(20,964)	8,725
<b>Increase (Decrease) in net assets</b>	<b>(90,523)</b>	<b>(114,237)</b>	<b>(204,760)</b>
<b>Net assets</b>			
Beginning	1,879,826	1,066,226	2,946,052
Ending	\$ 1,789,303	\$ 951,989	\$ 2,741,292

# CITY OF PORT ALLEN, LOUISIANA

*Statement of Cash Flows*  
*Proprietary Funds*

*Year Ended June 30, 2008*

	Business-type Activities		Enterprise Funds
	Water & Gas	Sewer	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 1,791,410	\$ 713,073	\$ 2,504,483
Payments to suppliers	(1,490,729)	(276,000)	(1,766,729)
Payments to employees for services and benefits	(600,372)	(315,597)	(915,969)
Other operating cash receipts	30,297	2,100	32,397
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(269,394)</b>	<b>123,576</b>	<b>(145,818)</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers to other funds	-	(20,964)	(20,964)
Transfers from other funds	29,689	-	29,689
<b>Net Cash Provided By (Used in) Noncapital Financing Activities</b>	<b>29,689</b>	<b>(20,964)</b>	<b>8,725</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchase of capital assets	(79,508)	(299,493)	(379,001)
Proceeds from disposal of assets	-	1,685	1,685
Principal paid on revenue bonds	-	(65,000)	(65,000)
Interest Paid	-	(29,867)	(29,867)
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>(79,508)</b>	<b>(392,675)</b>	<b>(472,183)</b>
<b>Cash Flows From Investing Activities</b>			
Proceeds from maturity of investments	49,000	-	49,000
Purchase of investments	(103,104)	-	(103,104)
Interest Received	54,526	20,563	75,089
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>422</b>	<b>20,563</b>	<b>20,985</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(318,791)</b>	<b>(269,500)</b>	<b>(588,291)</b>
<b>Cash and Cash Equivalents</b>			
Beginning	1,253,984	544,607	1,798,591
Ending	<b>\$ 935,193</b>	<b>\$ 275,108</b>	<b>\$ 1,210,300</b>
<b>Cash and Cash Equivalents</b>	<b>\$ 802,753</b>	<b>\$ 264,220</b>	<b>\$ 1,066,973</b>
<b>Restricted Assets</b>	<b>132,440</b>	<b>10,888</b>	<b>143,328</b>
<b>Totals</b>	<b>\$ 935,193</b>	<b>\$ 275,108</b>	<b>\$ 1,210,301</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Cash Flows (continued)*

*Year Ended June 30, 2008*

*Proprietary Funds*

	<i>Business-type Activities Enterprise Funds</i>		
	<i>Water &amp; Gas</i>	<i>Sewer</i>	<i>Total</i>
<b>Cash Flows From Operating Activities</b>			
Operating income	\$ (175,723)	\$ (53,584)	\$ (229,307)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	43,582	60,974	104,556
Provisions for doubtful accounts	9,031	-	9,031
Unrealized (gain) on investments	-	(275)	(275)
(Increase) decrease in assets			
Accounts receivable	(80,483)	(1,544)	(82,027)
Due from other funds	-	186,266	186,266
Prepaid expenses	(5,473)	(21,308)	(26,781)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	142,315	(49,537)	92,778
Due to other funds	(217,064)	-	(217,064)
Deposits	4,930	-	4,930
Compensated absences	9,491	2,584	12,075
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ (269,394)</b>	<b>\$ 123,576</b>	<b>\$ (145,818)</b>

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**CITY OF PORT ALLEN, LOUISIANA**

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**Statement of Net Assets  
Component Unit***December 31, 2007*

	City Court
<b>Assets</b>	
Cash	\$ 66,479
Investments	157,407
Due from other funds	16,273
Capital assets, net of depreciation	<u>40,303</u>
Total assets	<u>280,462</u>
<b>Liabilities</b>	
Due to other governments	8,156
Accrued expenses	<u>2,637</u>
Total Liabilities	<u>10,793</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	40,303
Unrestricted	<u>229,366</u>
Total net assets	<u>\$ 269,669</u>

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**CITY OF PORT ALLEN, LOUISIANA**

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*Statement of Activities  
Component Unit**Year Ended December 31, 2007*

	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>City Court</u>
City Court Judiciary	<u>\$ 353,275</u>	<u>\$ 335,997</u>	<u>\$ (17,278)</u>
<b>General Revenues</b>			
Investment earnings			<u>9,550</u>
Change in net assets			<u>(7,728)</u>
Net assets - beginning			<u>277,397</u>
Net assets - ending			<u><u>\$ 269,669</u></u>

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements*

*June 30, 2008*

## 1. Summary of Significant Accounting Policies

**Reporting Entity.** The government is a municipal corporation governed by an elected Mayor and five member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Blended component unit:** The Port Allen Fire Subdistrict No. 3 serves the citizens of the government.

**Discretely presented component units:** The City Court of Port Allen serves the citizens of the City. The voters elect the judge. The City is required to provide facilities and funding for the operation of the Court.

Complete financial statements for the City Court may be obtained at the Court's administrative office: City Court of Port Allen, 330 South Alexander, Port Allen, Louisiana.

**Related Organizations.** The following organizations were considered for inclusion in the reporting entity but did not meet all of the requirements. Therefore, these entities were considered to be related organizations not reported in the accompanying basic financial statements.

**Port Allen Volunteer Fire Department and Port Allen Auxiliary Police Department.** These potential component units provide volunteer fire and police services within the city limits. Although the City does provide facilities and/or some financing, it does not exercise direct control over their operations.

**Port Allen City Constable.** This potential component unit is an independently elected official and provides services to residents, generally within the geographic boundaries of the City. However, the City does not have the ability to exercise influence over its daily operations.

**Government-wide and Fund Financial Statements.** The government-wide financial statements include the statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation.** The financial statements of the City are prepared in conformity with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions included on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Principal and interest on general long term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. However, expenditures related to compensated absences and claims and judgments are only recorded when payment is due.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

*General Fund.* The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Special Revenue Fund:*

*Port Allen Fire Subdistrict Number 3 Fund.* The Fire District Fund is used to account for its proportionate share of a ½ cent sales tax specifically dedicated for the purchase and maintenance of fire fighting equipment and to provide for payment of contractual obligations of the fire subdistrict and to provide fire protection to the subdistrict and its citizens.

*Capital Projects Funds:*

*Capital Improvements Fund.* This fund is used to account for Video Poker revenues. The City Council approves amounts to be transferred to other funds or expended through budget appropriation.

*Low Income Housing Fund.* The Low Income Housing Fund is used to account for the expenditure and subsequent reimbursement of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify.

*Debt Service Fund:*

*Municipal Complex Debt Service Fund.* This fund is operational through proceeds from debt and transfers from the Capital Improvements Fund of the City. The City Council approves amounts to be transferred to this fund through budget appropriation.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

The government reports the following major proprietary funds:

*Enterprise Funds:*

*Water and Gas Fund.* The Water and Gas Fund is to account for the provision of water and gas services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

*Sewer Fund.* The Sewer Fund is to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service billing.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

*Deposits and Investments.* Cash and cash equivalents include cash on hand, demand deposits, as well as certificates of deposit and short term investments, with a maturity date within three months of the date acquired by the City.

State law allows the city to invest in any direct obligation of the United States Treasury, other debt issued or guaranteed by the full faith and credit of the United States, certificates of deposit of any bank in Louisiana, mutual funds which are registered with the Securities and Exchange Commission and invest in securities of the U.S. government or its agencies, guaranteed investment contracts issued by banks or insurance companies or investment grade commercial paper of domestic U.S. corporations. The City's investment policy is more restrictive in that it does not allow guaranteed investment contracts issued by banks or insurance companies, or investment grade commercial paper of domestic U.S. corporations.

Investments for the City, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The report value of the pool is the same as the fair value of the pool shares.

*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 to/from other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

*Inventories.* Purchases of operating supplies are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

*Prepaid Items.* Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements.

*Restricted Assets.* Restricted assets include certain cash and investments of the Water & Gas Fund, Sewer Fund, Municipal Complex Construction Fund, and Municipal Complex Debt Service Fund, which are legally restricted as to their use. The restricted cash and investments in the governmental funds and in the Sewer Fund are held separately and restricted according to the applicable bond indenture agreements. The restricted cash in the Water & Gas Fund is held in trust for customer utility meter deposits.

*Capital Assets.* Capital Assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

Assets capitalized have an original cost of \$2,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Description	Life in Years
Buildings	30-50
Water and Sewer Systems	40-50
Infrastructure	20-35
Machinery and Equipment	5-10
Improvements	20

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets in the year acquired. Infrastructure assets include roads, underground pipe (other than related to utilities), etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has been reported in the financial statements prior to the City's adoption of GASB Statement No. 34 in the year ended June 30, 2004. The retroactive reporting of infrastructure prior to the adoption of GASB Statement No. 34 is not required for governments of this size and, accordingly, the City has elected not to report infrastructure retroactively. However, the City will continue to report new infrastructure assets in the year acquired.

**Compensated Absences.** Full-time, permanent employees of the City earn vacation leave and sick leave at various rates depending on the number of years of service. The City's policy allows employees to accumulate unused sick leave on an unlimited basis and unused vacation leave up to 60 days. An employee is compensated for up to 60 days of unused vacation leave at the employee's hourly rate of pay at the time of termination. Upon an employee's retirement, sick leave and vacation leave not to exceed 60 days shall be paid as severance pay. The liability for these compensated absences is recorded as long term debt in the government-wide and proprietary financial statements. However, any matured compensated absences existing at year-end which are payable to currently terminating employees are reported in the governmental funds as wages and benefits payable and on the government-wide and proprietary financial statements as the current portion of compensated absences.

**Long Term Debt.** Long Term Debt obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements.

Long Term Debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and the payment of principle and interest are reported as expenditures, in the fund statements.

The reporting of Long Term Debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

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# CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

## Fund Equity.

### Equity Classifications.

#### Government-Wide Financial Statements.

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including 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.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by:
  1. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
  2. law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

#### Fund Financial Statements.

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Interfund Transactions. Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of the expenditures/expenses in the fund that is reimbursed.

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# CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, Continued

June 30, 2008

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Revenues and Expenditure Recognition.**

**Ad Valorem Taxes.** Ad Valorem taxes are recognized in the fiscal year in which the taxes are levied. Taxes are due and become an enforceable lien on property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). City taxes are billed and collected by the City.

Taxes become delinquent on January 1<sup>st</sup> in the year after levy. Taxes are levied on property values determined by the West Baton Rouge Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of its fair market value and other property at 15 percent of its fair market value. Ad Valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation for the following purposes:

<u>General Fund</u>	<u>2008 Millage</u>
General Maintenance	7.37
Police Department	5.27

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

## 2. Stewardship, Compliance, and Accountability

**Budgetary Information.** Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital improvement and debt service funds, and all annual appropriations lapse at fiscal year end. However, the Municipal Complex Construction Fund's budget is a project-based capital budget.

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# CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, Continued

June 30, 2008

Policies and procedures with respect to the budget adoption and budgetary control are as follows:

On or before May 15 of each year, all agencies of the City submit requests for appropriation to the City's finance director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 16, the proposed budget is presented to the City's Council for review. The City's Council holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's finance director or the revenue estimates must be changed by an affirmative vote of a majority of the City's Council.

Expenditures may not legally exceed budgeted appropriations at the activity level by more than 5%. During the year, several supplementary appropriations were necessary.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

### 3. Deposits and Investments

Deposits. At June 30, 2008, the City has deposits totaling \$4,847,102 (book balances) as follows:

Type of Deposit	Carrying Value
Demand deposits	\$ 497,817
Time deposits and Interest-bearing deposits	4,349,285
Total Deposits	<u>\$ 4,847,102</u>

These deposits are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

## CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2008

At June 30, 2008, the City has \$4,988,361 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$5,442,252 of pledged securities held by the custodial banks in the name of the fiscal agent banks (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

### Investments.

As of June 30, 2008, the change in the City's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, June 30, 2007	\$ 2,737,112	\$ 2,652,474
Add:		
Investment purchase	1,678,422	1,678,422
Market value adjustment	-	21,922
Total	4,415,534	4,352,818
Less- investments maturities	1,723,784	1,723,784
Balance, June 30, 2008	\$ 2,691,750	\$ 2,629,034

### LAMP

Local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at market value and are equal to the value of the pool shares.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

Investments in LAMP held at June 30, 2008 totaled \$1,929,692. In accordance with GASB Codification Section I50.165, the investments in LAMP at June 30, 2008 are not categorized in the risk categories provided by GASB Codification Section I50.164 because the investments are in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP Corporation is governed by a board of directors comprising the State treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

### Custodial Credit Risk of Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent, but not in the name of the City.

The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the City based upon whether the investments are insured or registered and upon who holds the security at June 30, 2008. The categories of credit risk are defined as follows:

Category 1—Insured or registered with securities held by the City or its agent in the City's name

Category 2—Uninsured and unregistered with securities held by a counterparty's trust department or agent in the City's name

Category 3—Uninsured and unregistered with securities held by the counterparty or by its trust department or agent, but not in the City's name

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2008

Type of Investment	Custody 1	Credit Risk 2	Category 3	Carrying Amount	Fair Value
U.S. Government obligations	\$ -	\$ -	\$ 15,235	\$ 15,235	\$ 15,235
U.S. Agency obligations	-	-	2,313,867	2,313,867	2,313,867
Mutual funds			299,932	299,932	299,932
Total Investments				\$ 2,629,034	\$ 2,629,034

### Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics.

As of June 30, 2008, the City of Port Allen had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Government obligations	\$ 15,235	\$ -	\$ -	\$ 13,802	\$ 1,433
U.S. Agency obligations	2,313,867	-	-	1,645,306	668,561
Mutual Funds	299,932	299,932	-	-	-
Total	\$ 2,629,034	\$ 299,932	\$ -	\$ 1,659,108	\$ 669,994

### Credit Risk

The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S & P) and Moody's.

As of June 30, 2008, all of the City's purchased investments in U.S. Agencies Bonds were rated AAA and Aaa by Standard & Poors and Moody's respectively. U.S. Government obligations are explicitly guaranteed by the U.S. government and are not risk rated.

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# CITY OF PORT ALLEN, LOUISIANA

*Notes to Financial Statements, Continued*

*June 30, 2008*

## Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The City's investment policy requires the investment portfolio to be diversified to eliminate the risk of loss of both principal and income resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

## Reconciliation

In order to accurately compare the cash and investments shown on the combined balance sheet with carrying values of deposits and investments disclosed in the schedules above, the following is provided:

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Captions in Note 3	
Carrying value of bank deposits	\$ 4,847,102
Carrying value of investments	2,629,034
Carrying value of Lamp investments	<u>1,929,692</u>
Total	<u>\$ 9,405,828</u>

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Captions on combined balance sheet:	
Cash and cash equivalents	\$ 6,576,106
Investments	2,233,888
Restricted cash and cash equivalents	480,621
Restricted investments	<u>115,213</u>
Total	<u>\$ 9,405,828</u>

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

### 4. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem, sales taxes, franchise taxes, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem, sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Balances receivable have been aggregated for presentation in the accompanying financial statements. Therefore, the following schedules provide additional detailed information concerning balances receivable by category and fund type. Receivable balances at June 30, 2008, are as follows:

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2008

	Governmental Funds						Total Governmental Funds
	General Fund	Fire Subdistrict Number 3 Fund	Capital Improvements Fund	Low Income Housing Fund	Municipal Complex Debt Service Fund	Nonmajor Funds	
Franchise tax	\$ 91,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,707
Ad valorem tax	2,990	-	-	-	-	-	2,990
Fines	16,617	-	-	-	-	-	16,617
Liens	54,300	-	-	-	-	-	54,300
Interest	15,142	8,841	-	-	224	-	24,206
Other	28,359	12,611	-	-	-	-	40,970
Total Receivables	209,115	21,452	-	-	224	-	230,791
Allowance for Uncollectibles	(66,810)	-	-	-	-	-	(66,810)
Receivables, Net	\$ 142,305	\$ 21,452	\$ -	\$ -	\$ 224	\$ -	\$ 163,981

	Proprietary Funds		
	Water & Gas Fund	Sewer Fund	Total Proprietary Funds
Utility Fees	\$ 373,675	\$ -	\$ 373,675
Interest	686	1,544	2,230
Total Receivables	374,361	1,544	375,905
Allowance for Uncollectibles	(56,372)	-	(56,372)
Receivables, Net	\$ 317,990	\$ 1,544	\$ 319,534

Uncollectible amounts due for condemnation and code enforcement receivables and utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2008

## 5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2008:

	Beginning Balance June 30, 2007	Increases	Decreases	Ending Balance June 30, 2008
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 998,801	\$ -	\$ 137,500	\$ 861,301
<b>Capital assets, being depreciated:</b>				
Buildings and structures	5,256,431	64,115		5,320,546
Furniture and fixtures	459,552	44,626	3,957	500,221
Equipment and vehicles	2,618,145	422,998	31,908	3,009,235
Total capital assets, being depreciated	8,334,128	531,739	35,865	8,830,002
<b>Less accumulated depreciation for:</b>				
Buildings and structures	835,334	124,592	-	959,926
Furniture and fixtures	171,026	36,314	3,417	203,923
Equipment and vehicles	1,504,644	178,428	31,724	1,651,348
Total accumulated depreciation	2,511,004	339,334	35,141	2,815,197
Total capital assets, being depreciated, net	5,823,124	192,405	724	6,014,805
<b>Governmental activities capital assets, net</b>	<b>\$ 6,821,925</b>	<b>\$ 192,405</b>	<b>\$ 138,224</b>	<b>\$ 6,876,106</b>

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2008

The following is a summary of changes in capital assets for business-type activities for the fiscal year June 30, 2008:

	Beginning Balance June 30, 2007	Increases	Decreases	Ending Balance June 30, 2008
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,573	\$ -	\$ -	\$ 23,573
Capital assets, being depreciated:				
Buildings	296,874	-	-	296,874
Furniture and fixtures	93,579	13,160	-	106,739
Equipment and vehicles	275,396	74,627	49,420	300,603
Wastewater treatment plant	746,824	307,214	250,845	803,193
Water system	1,306,623	16,522	-	1,323,145
Gas system	917,071	-	-	917,071
Sewer system	1,685,473	-	-	1,685,473
Total capital assets, being depreciated	5,321,840	411,523	300,265	5,433,098
Less Accumulated Depreciation for:				
Buildings	83,348	8,427	-	91,775
Furniture and fixtures	82,077	5,940	-	88,017
Equipment and vehicles	221,343	15,399	49,420	187,322
Wastewater treatment plant	677,434	20,723	216,639	481,518
Water system	1,025,177	11,506	-	1,036,683
Gas system	704,332	11,470	-	715,802
Sewer system	568,632	31,091	-	599,723
Total accumulated depreciation	3,362,343	104,556	266,059	3,200,840
Total capital assets, being depreciated, net	1,959,497	306,967	34,206	2,232,258
<b>Business-type activities capital assets, net</b>	<b>\$ 1,983,070</b>	<b>\$ 306,967</b>	<b>\$ 34,206</b>	<b>\$ 2,255,831</b>

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# CITY OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, Continued

June 30, 2008

Depreciation expense was charged to government functions as follows:

General Government	\$	101,304
Public Safety - Police Department		95,589
Public Safety - Fire Department		110,910
Roads and Drainage		23,418
Depot Welcoming Center		8,113
		<hr/>
Total	\$	339,334

Depreciation expense was charged to business-type functions as follows:

Water and gas	\$	43,582
Sewer		60,974
		<hr/>
Total	\$	104,556

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government		
Capital Outlay	\$	531,739
Depreciation Expense		(339,334)
		<hr/>
Total Adjustments	\$	192,405

# CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

June 30, 2008

## 6. Long Term Debt

The following is a summary of changes in long term debt for the year ended June 30, 2008:

Type of Debt	Balance at June 30, 2007	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at June 30, 2008	Amount due within One Year
<i>Governmental Activities:</i>					
Revenue Bond	\$ 3,460,000	\$ -	\$ 90,000	\$ 3,370,000	\$ 90,000
Compensated Absences	433,945	1,230	-	435,175	-
Total Governmental Long-Term Debt	3,893,945	1,230	90,000	3,805,175	90,000
<i>Business-Type Activities:</i>					
Revenue Bond	756,123	-	65,000	691,123	65,000
Compensated absences	170,250	12,074	-	182,324	-
Total Business-Type Activities Debt	\$ 926,373	\$ 12,074	\$ 65,000	\$ 873,447	\$ 65,000

The reporting entity's long term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

### Governmental Activities:

As of June 30, 2008, the governmental long term debt of the financial reporting entity consisted of the following:

#### Revenue Bonds

The City borrowed \$3,505,000 from Louisiana Local Environmental Facilities and Community Development Authority (the "Authority") on August 10, 2004 for the construction of a new city hall and related improvements. The loan is repayable in annual installments of \$45,000 to \$245,000 plus interest at 4.0% to 5.0%. Payments are due annually from July 1, 2006 to July 1, 2029. The balance at June 30, 2008 is \$3,370,000 and debt service requirements to maturity are as follows:

# CITY OF PORT ALLEN, LOUISIANA

## Notes to Financial Statements, Continued

June 30, 2008

Year Ending June 30,	Principal	Interest
2009	\$ 90,000	\$ 161,327
2010	95,000	157,528
2011	100,000	153,528
2012	105,000	149,117
2013	110,000	144,388
2014-2018	615,000	641,088
2019-2023	780,000	466,398
2024-2028	1,000,000	232,605
2029-2030	475,000	12,740
	<u>\$ 3,370,000</u>	<u>\$ 2,118,719</u>

### Business Activities:

As of June 30, 2008, the long term debt payable from proprietary fund resources consisted of the following:

#### Revenue Bonds

The City has received \$1,236,123 from the Louisiana Department of Environmental Quality Municipal Facilities Revolving Loan Fund for financing the costs of construction of a sewer effluent force main and pumping station. The construction was completed on June 28, 1999. The City is repaying the loan in annual installments of \$45,000 to \$85,000 through 2018. Interest is being paid on April 1 and October 1 of each year at 3.95%. The balance on the loan at June 30, 2008 is \$691,123.

As of June 30, 2008, the business long term debt of the financial reporting entity is secured by specified revenue sources and has annual debt service requirements as follows:

Year Ending June 30,	Principal	Interest
2009	\$ 65,000	\$ 23,844
2010	65,000	21,601
2011	70,000	19,358
2012	70,000	16,944
2013	75,000	14,529
2014-2018	346,123	32,624
	<u>\$ 691,123</u>	<u>\$ 128,900</u>

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

There are a number of covenants and restrictions contained in the two bond indentures noted above. The City is not in compliance with all significant covenants and restrictions at June 30, 2008. Management expects the debt will be repaid according to its original schedule and will not be placed in default, therefore none of it has been classified as current liabilities.

**Defeased Debt.** On July 1, 1998, the City of Port Allen, Louisiana issued Certificates of Indebtedness Series 1998 in the amount of \$2,300,000 for the purpose of improving city streets and acquiring land for the proposed site of a new wastewater treatment facility. The certificates were issued in denominations of \$5,000 with interest payable January 1 and July 1 of each year through 2008 with interest from 4.05% to 8.0%. The certificates are secured by a pledge of the excess of general and special revenue funds of The City and other operating revenue above statutory, necessary and usual charges.

On July 15, 2002, the City of Port Allen, Louisiana defeased the Certificates of Indebtedness Series 1998 Bonds, by placing \$1,638,863 in a special and irrevocable trust to provide for all future debt service payments on the bonds. The trustee purchased U.S. Government securities. The principal and interest from these securities is sufficient to fund the scheduled principal and interest payments on the bonds as they become due. Accordingly, the trust assets and the liability of the defeased bonds are not included in the City's financial statements. On June 30, 2008, \$315,000 of Certificates of Indebtedness Series 1998 Bonds remained outstanding, which are considered defeased.

### 7. Interfund Receivables/Payables

**Due From/To Other Funds.**

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Low Income Housing Fund	\$ 8,770
	Capital Improvement Fund	13,886
	Water & Gas Fund	<u>96,727</u>
		<u>\$ 119,383</u>
Fire Fund	General Fund	\$ 3,339
Sewer Fund	Water & Gas Fund	<u>\$ 120,643</u>

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

### 8. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

At June 30, 2008, there were various lawsuits and claims pending against the City. Although the outcome of these lawsuits is not presently determinable, in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial position of the City.

### 9. Retirement Commitments

#### Municipal Employees Retirement System of Louisiana (MERS)

Plan Description. All of the City's full time general employees participate in the MERS, a cost sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees. MERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. MERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana, 70809, or by calling (225) 925-4810.

Funding Policy. Plan members are required by state statute to contribute 9¼% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 13.5% of annual covered payroll. The contribution requirements of plan members and employers are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. Employer contributions to MERS for the years ending June 30, 2008, 2007, and 2006 were \$178,837, \$209,652, and \$193,630, respectively, and were equal to the required contributions for each year.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

### *Municipal Police Employees Retirement System (MPERS)*

*Plan Description.* All of the City's full time police employees participate in the MPERS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. MPERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Police Employees Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana, 70809, or by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7½% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to MPERS for the years ending June 30, 2008, 2007, and 2006 were \$101,120, \$95,099 and \$78,687 respectively, and were equal to the required contributions for each year.

### *Firefighters' Retirement System (FRS)*

*Plan Description.* All of the Port Allen Fire Subdistrict No. 3's full time fire employees participate in the FRS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. FRS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana, 70806, or by calling (225) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 8% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to FRS for the years ending June 30, 2008, 2007 and 2006 were \$59,182, \$56,528, and \$61,237, respectively, and were equal to the required contributions for each year.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

### Louisiana State Employees Retirement System (LASERS)

Plan Description. The City's judicial employee participates in the LASERS, a cost-sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana.

Funding Policy. Plan members are required by state statute to contribute 11½% of their annual covered salary and employers are required to contribute at an actuarially determinable rate. The current employer rate is 12.4% of annual covered payroll. The contribution requirements of plan members and the employer are established by and amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to LASERS for the years ending June 30, 2008, 2007, and 2006 were \$5,356, \$4,740 and \$4,740, respectively, and were equal to the required contributions for each year.

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, Continued*

*June 30, 2008*

### 10. Other Post Employment Benefits

The City provides post-retirement health care benefits as per the requirements of a local resolution for certain retirees. The government pays 50% of the premiums of health care coverage for employees who retire with at least 25 years of full time service and who agree to pay the remaining 50% of the premium. The government's regular health care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

The benefits are authorized under Louisiana R.S. 33:5151. On May 13, 1992, the City Council passed a resolution to provide the benefits, effective July 1, 1992. The City Council may rescind the benefits at any time by a majority vote of the Council.

As of year end, there were 16 employees who had retired with 25 years of full time service that were receiving the 50% premium coverage benefit. The government finances the plan on a pay-as-you-go basis. For the year ended June 30, 2008, the government recognized as incurred \$29,409 of expenditures.

The City has a continuing future obligation for health care benefits for retired employees and their dependents. This future liability is not funded but will be payable by the General Fund out of future years' operations. The liability is likely to be significant, however current generally accepted accounting principles do not require the City to reflect this liability in the basic financial statements. However, the City will have to adopt GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 will require the City to recognize a liability for its postemployment benefits during the fiscal year ended June 30, 2009. Except for the 50% of the cost, no other contributions are required by the retirees to help finance these future benefits.

### 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City purchases commercial insurance policies at levels which management believes is adequate to protect the City. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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## **CITY OF PORT ALLEN, LOUISIANA**

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*Notes to Financial Statements, Continued*

*June 30, 2008*

### **12. On-Behalf Payments**

Included in intergovernmental revenue and salary expense are supplemental salary payments to police officers and firemen, which were paid directly to them from the State of Louisiana. The payments to police officers were \$85,127 for the year ended June 30, 2008. The payments to firemen were \$45,844 for the year ended June 30, 2008.

### **13. Restrictions of Fund Balances and Net Assets**

On January 11, 2006, the City Council passed Ordinance No. 1 of 2006, which restricted \$2,500,000 of the fund balance of the General Fund to assist the City in meeting extraordinary expenses and obligations in the event of a potential future decrease in sales tax revenue. The same ordinance also restricted \$900,000 of the net assets of the Water and Gas Fund to assist the City in meeting extraordinary expenses and obligations due to unanticipated costs regarding the operation and maintenance of the City's water and gas system.

### **14. Subsequent Events**

On July 11, 2008, the Louisiana Local Government Environmental, Facilities and Community Development Authority issued \$2,700,000 of revenue bonds for the Fire Protection Subdistrict No. 3 of the Parish of West Baton Rouge. Repayment of the bonds will be made from excess revenue of the subdistrict.

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**CITY OF PORT ALLEN, LOUISIANA**

*Required Supplementary Information*

*June 30, 2008*

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual  
General Fund*

*Year Ended June 30, 2008*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 747,396	\$ 780,578	\$ 795,244	\$ 14,666
Licenses and permits	271,824	381,824	398,367	16,543
Intergovernmental	2,111,556	2,836,841	2,974,838	137,997
Charges for services	370,800	379,200	379,965	765
Fines and forfeitures	54,000	54,000	52,494	(1,506)
Investment earnings	163,800	138,432	183,688	45,256
Miscellaneous	33,660	33,660	41,167	7,507
<b>Total revenues</b>	<b>3,753,036</b>	<b>4,604,535</b>	<b>4,825,763</b>	<b>221,228</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	558,744	561,844	563,056	(1,212)
Public safety	1,511,664	1,559,532	1,548,985	10,547
Roads and drainage	940,332	1,215,342	1,315,103	(99,761)
Depot Welcome Center	16,187	16,189	10,094	6,095
Sanitation	461,592	461,592	460,517	1,075
Health	27,144	31,395	34,128	(2,733)
Community Development	175,404	175,404	128,696	46,708
Fleet maintenance	102,924	102,924	103,027	(103)
Capital outlay				
Public safety	-	9,000	9,000	-
<b>Total expenditures</b>	<b>3,793,991</b>	<b>4,133,222</b>	<b>4,172,606</b>	<b>(39,384)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(40,955)</b>	<b>471,313</b>	<b>653,157</b>	<b>181,844</b>
<b>Other Financing Sources (Uses)</b>				
Sales of general fixed assets	3,000	3,000	1,475	(1,525)
Operating transfers in	67,632	67,632	67,225	(407)
Operating transfers out	-	(500,000)	(500,000)	-
<b>Total other financing sources (uses)</b>	<b>70,632</b>	<b>(429,368)</b>	<b>(431,300)</b>	<b>(1,932)</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>29,677</b>	<b>41,945</b>	<b>221,857</b>	<b>179,912</b>
<b>Fund Balance</b>				
Beginning	3,320,204	3,645,521	3,928,070	282,549
Ending	\$ 3,349,881	\$ 3,687,466	\$ 4,149,927	\$ 462,461

## CITY OF PORT ALLEN, LOUISIANA

## Schedule of Revenues and Other Financing

Year Ended June 30, 2008

## Sources - Budget and Actual

## General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Taxes</b>				
Ad valorem	357,396	\$ 390,578	\$ 394,855	\$ 4,277
Franchise	390,000	390,000	400,389	10,389
Total taxes	747,396	780,578	795,244	14,666
<b>Licenses and permits</b>				
Business licenses and permits				
Professional and occupational	271,824	381,824	398,367	16,543
Total licenses and permits	271,824	381,824	398,367	16,543
<b>Intergovernmental</b>				
Federal Grants				
Public safety	-	26,868	26,868	-
State grants				
Streets	-	-	-	-
Drainage	-	80,600	80,600	-
State shared revenues				
Alcoholic beverage tax	27,996	27,996	22,888	(5,108)
Tobacco taxes	-	7,817	7,817	-
On behalf payments	-	-	85,127	85,127
West Baton Rouge Parish shared revenues				
General sales and use tax	2,083,560	2,693,560	2,740,533	46,973
Subpoena reimbursements	-	-	11,005	11,005
Total intergovernmental	2,111,556	2,836,841	2,974,838	137,997
<b>Charges for services</b>				
Public safety - protective inspection fees	14,400	22,800	21,105	(1,695)
Sanitation - refuse collection charges	356,400	356,400	358,860	2,460
Total charges for services	370,800	379,200	379,965	765
<b>Fines and forfeitures</b>	54,000	54,000	52,494	(1,506)
<b>Investment earnings</b>	163,800	138,432	183,688	45,256
<b>Miscellaneous</b>	33,660	33,660	41,167	7,507
Total Revenues	3,753,036	4,604,535	4,825,763	221,228
<b>Other Financing Sources</b>				
Sales of general fixed assets	3,000	3,000	1,475	(1,525)
Operating transfers in	67,632	67,632	67,225	(407)
Operating transfers out	-	(500,000)	(500,000)	-
Total other financing sources	70,632	(429,368)	(431,300)	(1,932)
Total revenues and other financing sources	\$ 3,823,668	\$ 4,175,167	\$ 4,394,463	\$ 219,296

## CITY OF PORT ALLEN, LOUISIANA

### Schedule of Expenditures and Other Financing

Year Ended June 30, 2008

#### Uses - Budget and Actual

#### General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Current</b>				
General government				
Legislative				
Personal services	\$ 35,057	\$ 35,057	\$ 35,087	\$ (30)
Judicial				
Personal services	69,204	69,204	69,948	(744)
Supplies	960	960	960	-
Other services and charges	13,656	13,656	12,692	964
Executive				
Personal services	46,940	46,940	46,967	(27)
Administrative				
Personal services	232,163	232,163	231,673	490
Supplies	11,088	11,088	8,999	2,089
Other services and charges	149,676	152,776	156,730	(3,954)
Total general government	<u>558,744</u>	<u>561,844</u>	<u>563,056</u>	<u>(1,212)</u>
Public safety				
Police				
Personal services	1,279,488	1,279,488	1,265,592	13,896
Supplies	79,752	97,620	107,346	(9,726)
Other services and charges	125,928	149,928	144,058	5,870
Protective inspection				
Other services and charges	26,496	32,496	31,989	507
Total public safety	<u>1,511,664</u>	<u>1,559,532</u>	<u>1,548,985</u>	<u>10,547</u>
Roads and Drainage				
Personal services	497,400	497,400	496,042	1,358
Supplies	221,184	221,184	256,740	(35,556)
Other services and charges	221,748	496,758	562,321	(65,563)
Total roads and drainage	<u>940,332</u>	<u>1,215,342</u>	<u>1,315,103</u>	<u>(99,761)</u>

## CITY OF PORT ALLEN, LOUISIANA

## Schedule of Expenditures and Other Financing

Year Ended June 30, 2008

## Uses - Budget and Actual, Continued

## General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Depot Welcome Center				
Personal services	\$ 6,468	\$ 6,468	\$ 6,133	\$ 335
Supplies	1,559	1,561	434	1,127
Other services and charges	8,160	8,160	3,527	4,633
Total depot welcome center	16,187	16,189	10,094	6,095
Sanitation				
Other services and charges	461,592	461,592	460,517	1,075
Animal control				
Other services and charges	27,144	31,395	34,128	(2,733)
Community Development				
Personal services	3,137	3,137	3,270	(133)
Supplies	-	-	20	(20)
Other services and charges	172,267	172,267	125,406	46,861
Total community development	175,404	175,404	128,696	46,708
Fleet maintenance				
Personal services	88,560	88,560	90,100	(1,540)
Supplies	8,712	8,712	8,077	635
Other services and charges	5,652	5,652	4,850	802
Total fleet maintenance	102,924	102,924	103,027	(103)
Total current expenditures	3,793,991	4,124,222	4,163,606	(39,384)
Capital Outlay				
Public safety				
Police	-	9,000	9,000	-
Total capital outlay expenditures	-	9,000	9,000	-
Total Expenditures	\$ 3,793,991	\$ 4,133,222	\$ 4,172,606	\$ (39,384)

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Port Allen Fire Subdistrict No. 3 Fund*

*Year Ended June 30, 2008*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	1,026,552	1,357,554	\$ 1,450,154	\$ 92,600
Investment earnings	60,192	50,192	45,156	(5,036)
Miscellaneous	180	6,902	6,893	(9)
Total revenues	<u>1,086,924</u>	<u>1,414,648</u>	<u>1,502,203</u>	<u>87,555</u>
<b>Expenditures</b>				
Current				
Public safety				
Fire				
Personal services	596,412	604,633	686,217	(81,584)
Supplies	52,860	84,342	67,089	17,253
Other services and charges	125,184	141,062	138,046	3,016
Capital outlay				
Public safety				
Fire	148,268	365,464	378,174	(12,710)
Total expenditures	<u>922,724</u>	<u>1,195,501</u>	<u>1,269,526</u>	<u>(74,025)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>164,200</u>	<u>219,147</u>	<u>232,677</u>	<u>13,530</u>
<b>Other Financing Sources (Uses)</b>				
Sale of General Fixed Asset	-	-	715	715
Operating transfers out	(102,832)	(71,557)	(71,557)	-
Total other financing sources (uses)	<u>(102,832)</u>	<u>(71,557)</u>	<u>(70,842)</u>	<u>715</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>61,368</u>	<u>147,590</u>	<u>161,835</u>	<u>14,245</u>
<b>Fund Balance</b>				
Beginning	1,275,791	1,402,087	1,553,482	151,395
Ending	<u>\$ 1,337,159</u>	<u>\$ 1,549,677</u>	<u>\$ 1,715,317</u>	<u>\$ 165,640</u>

## CITY OF PORT ALLEN, LOUISIANA

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Capital Improvements Fund*

*Year Ended June 30, 2008*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 414,000	\$ 414,000	\$ 392,695	\$ (21,305)
Investment earnings	61,370	53,870	53,227	(643)
Total revenues	475,370	467,870	445,922	(21,948)
<b>Expenditures</b>				
Current				
Administration	-	4,800	4,800	-
Capital outlay				
General Government	-	-	2,201	(2,201)
Public Safety	56,900	53,563	53,563	-
Fleet Maintenance	12,984	12,446	12,446	-
Roads and Drainage	310,940	433,620	431,109	2,511
Total expenditures	379,924	504,429	504,119	310
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>95,446</b>	<b>(36,559)</b>	<b>(58,197)</b>	<b>(21,638)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	-	175,000	175,000	-
Operating transfers in	-	500,000	500,000	-
Operating transfers out	(262,608)	(262,608)	(262,608)	-
Total other financing sources (uses)	(262,608)	412,392	412,392	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(167,162)</b>	<b>375,833</b>	<b>354,195</b>	<b>(21,638)</b>
<b>Fund Balance</b>				
Beginning	1,500,892	1,598,091	1,598,091	-
Ending	<b>\$ 1,333,730</b>	<b>\$ 1,973,924</b>	<b>\$ 1,952,286</b>	<b>\$ (21,638)</b>

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual*  
*Low-Income Housing Assistance*

*Year Ended June 30, 2008*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 570,180	\$ 570,180	\$ 581,866	\$ 11,686
Investment Earnings	-	-	76	76
Other				
Total revenues	<u>570,180</u>	<u>570,180</u>	<u>581,942</u>	<u>11,762</u>
<b>Expenditures</b>				
Current				
Welfare	570,180	570,180	559,726	10,454
Total expenditures	<u>570,180</u>	<u>570,180</u>	<u>559,726</u>	<u>10,454</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	22,216	22,216
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	-	-	(4,393)	(4,393)
Total other financing sources (uses)	-	-	(4,393)	(4,393)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	-	-	17,823	17,823
<b>Fund Balance</b>				
Beginning	116,734	116,734	116,734	-
Ending	<u>\$ 116,734</u>	<u>\$ 116,734</u>	<u>\$ 134,557</u>	<u>\$ 17,823</u>

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Municipal Complex Debt Service Fund*

*Year Ended June 30, 2008*

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings	\$ 6,300	\$ 4,800	\$ 4,886	\$ 86
Total revenues	6,300	4,800	4,886	86
<b>Expenditures</b>				
Debt Service				
Principal	90,000	90,000	90,000	-
Interest and other charges	172,008	172,008	172,008	-
Total expenditures	262,008	262,008	262,008	-
Excess (Deficiency) of Revenues Over Expenditures	(255,708)	(257,208)	(257,122)	86
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	262,008	262,008	262,008	-
Total other financing sources (uses)	262,008	262,008	262,008	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	6,300	4,800	4,886	86
<b>Fund Balance</b>				
Beginning	144,106	145,787	145,787	-
Ending	\$ 150,406	\$ 150,587	\$ 150,673	\$ 86

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**CITY OF PORT ALLEN, LOUISIANA**

*Other Supplemental Information*

*June 30, 2008*

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## CITY OF PORT ALLEN, LOUISIANA

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*Nonmajor Governmental Funds*

*June 30, 2008*

### Capital Projects Funds

*Municipal Complex Construction Fund* – This fund is used to account for all resources and expenditures in connection with the construction of the new city hall and related improvements.

*Riverfront Capital Project Fund* – This fund is operational through state and federal grants and private donations. The City Council approves amounts to be expended through budget appropriation.

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**CITY OF PORT ALLEN, LOUISIANA**

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**Combining Balance Sheet****June 30, 2008****Nonmajor Governmental Funds**

	<b>Municipal Complex Construction Fund</b>	<b>Riverfront Capital Project Fund</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 52,491	\$ 52,491
Restricted Cash & Cash Equivalents	14,380	-	14,380
<b>Total assets</b>	<b>\$ 14,380</b>	<b>\$ 52,491</b>	<b>\$ 66,871</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Contract retainage payable	\$ 2,500	\$ -	\$ 2,500
<b>Total liabilities</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>
<b>Fund Balances:</b>			
Reserved for:			
Capital improvements	11,880	52,491	64,371
<b>Total fund balances</b>	<b>11,880</b>	<b>52,491</b>	<b>64,371</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 14,380</b>	<b>\$ 52,491</b>	<b>\$ 66,871</b>

# CITY OF PORT ALLEN, LOUISIANA

*Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds*

*Year Ended June 30, 2008*

	Municipal Complex Construction Fund	Riverfront Capital Projects Fund	Totals
<b>Revenues</b>			
Investment earnings	\$ 794	\$ 1,286	\$ 2,080
Total revenues	794	1,286	2,080
<b>Expenditures</b>			
Current			
General government	600	1,200	1,800
Roads and drainage	-	10,017	10,017
Capital Outlay			
General Government	21,566	-	21,566
Total expenditures	22,166	11,217	33,383
Excess (Deficiency) of Revenues Over Expenditures	(21,372)	(9,931)	(31,303)
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	600	-	600
Total other financing sources (uses)	600	-	600
(Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(20,772)	(9,931)	(30,703)
<b>Fund Balance</b>			
Beginning	32,652	62,422	95,074
Ending	\$ 11,880	\$ 52,491	\$ 64,371

**CITY OF PORT ALLEN, LOUISIANA**

*Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Municipal Complex Construction Fund*

*From Inception and for the  
Year Ended June 30, 2008*

	Prior Years	Current Year	Total to Date	Project Authorization
<b>Revenues</b>				
Investment earnings	\$ 92,965	\$ 795	\$ 93,760	\$ 93,000
Total revenues	92,965	795	93,760	93,000
<b>Expenditures</b>				
Current				
Administrative	2,400	600	3,000	2,400
Capital outlay				
General Government	3,660,513	21,567	3,682,080	3,693,800
Total expenditures	3,662,913	22,167	3,685,080	3,696,200
Excess (Deficiency) of Revenues Over Expenditures	(3,569,948)	(21,372)	(3,591,320)	(3,603,200)
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	3,100,000	-	3,100,000	3,100,000
Operating transfers in	502,600	600	503,200	503,200
Total other financing sources (uses)	3,602,600	600	3,603,200	3,603,200
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 32,652	(20,772)	\$ 11,880	\$ -
<b>Fund Balance</b>				
Beginning		32,652		
Ending		\$ 11,880		

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Compensation Paid to City Council*

*Year Ended June 30, 2008*

<u>Council Member</u>	<u>Salary</u>
Ralph Bergeron	\$ 12,000
Johnny L. Johnson, Sr.	12,000
Ray Helen Lawrence	12,000
R. J. Loupe	12,900
Hugh Riviere	<u>12,000</u>
<b>Total</b>	<b><u>\$ 60,900</u></b>

**CITY OF PORT ALLEN, LOUISIANA**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2008

Federal Grants/Program Title	Federal CFDA Number	Program or Award Amount	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Section 8 Housing Choice Voucher Program	14.871	550,396	534,534
Disaster Voucher Program	14.871	28,016	<u>25,192</u>
			<u>559,726</u>
<b>U.S. Department of Justice</b>			
<i>Pass-Through - State of Louisiana: Louisiana Commission on Law Enforcement</i>			
Edward Byrne Memorial Justice Assistance Grant Program			
State Project B06-5-006	16.738	33,441	<u>26,056</u>
<b>U.S. Department of Homeland Security</b>			
Assistance to Firefighters Grant			
Grant No. EMW-2006-FG-13920	97.044	23,089	23,089
Disaster Mutual Aid Agreement-Hurricane Katrina	97.036	24,423	24,423
Disaster Mutual Aid Agreement-Hurricane Rita	97.036	6,772	<u>6,772</u>
			<u>54,284</u>
			<u>\$ 640,066</u>

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## CITY OF PORT ALLEN, LOUISIANA

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*Notes to Schedule of Expenditures of Federal Awards*

*June 30, 2008*

### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Port Allen, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

To the Honorable Mayor and Members of the City Council  
Port Allen, Louisiana

We have audited the *financial statements* of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the City of Port Allen, Louisiana's, basic financial statements and have issued our report thereon dated December 10, 2008. 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.

**Internal Control Over Financial Reporting.**

In planning and performing our audit, we considered the City of Port Allen, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Port Allen, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood

that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (Findings 2008-1 to 2008-3) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the item 2008-1 in the accompanying schedule of findings and questioned costs is a material weakness.

**Compliance and Other Matters.**

As part of obtaining reasonable assurance about whether the City of Port Allen, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2008-4 .

We noted certain matters that we reported to management of the City of Port Allen, Louisiana, in a separate letter dated December 10, 2008.

The City of Port Allen's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Port Allen's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Mayor, Members of the City Council, management and federal and state awarding agencies and pass-through entities, and the State of Louisiana Legislative Auditor's office and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC

  
December 10, 2008

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council  
Port Allen, Louisiana

Compliance.

We have audited the compliance of the City of Port Allen, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Port Allen, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Port Allen, Louisiana's management. Our responsibility is to express an opinion on the City of Port Allen, Louisiana's compliance based on our audit.

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 OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of Port Allen, Louisiana'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. Our audit does not provide a legal determination on the City of Port Allen, Louisiana's compliance with those requirements.

In our opinion, the City of Port Allen, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

*Internal Control Over Compliance.*

The management of the City of Port Allen, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Port Allen, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 entity's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2007-1 to be a material weakness.

The City of Port Allen's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Port Allen's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Mayor, Members of the City Council, management and federal and state awarding agencies and pass-through entities, and the State of Louisiana Legislative Auditor's office and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC

*Provost, Salter, Harper & Alford, LLC*

December 10, 2008

**CITY OF PORT ALLEN, LOUISIANA*****Schedule of Findings and Questioned Costs******Year Ended June 30, 2008******Section I – Summary of Auditor’s Results******Financial Statements.***

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

***Federal Awards.***

Internal Control over major programs:	
Material weakness identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditor’s report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, § 510(a)?	<u>No</u>
Identification of <u>major programs</u> :	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low risk auditee?	<u>No</u>

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Finding and Questioned Costs, Continued*

*Year Ended June 30, 2008*

*Section II – Financial Statement Findings*

*Significant Deficiencies – Material Weakness*

*Item 2008-1* The City does not have adequate segregation of employee duties for effective internal accounting control over the journal entry preparation (approval and recordation) and cash disbursement cycles.

*Criteria.* Incompatible accounting duties should be segregated.

*Effect.* The condition is such that errors, either intentional or unintentional, in the processing of financial reports, could occur and not be detected in a timely manner and in the ordinary course of operations.

*Cause.* The City has a limited number of employees with the training and skills to oversee the accounting functions, thus inadequate segregation of incompatible duties relative to journal entry approval and recordation. There is also inadequate segregation between the posting of accounts payable, preparation of checks, check signing, distribution and reconciliation.

*Recommendation.* To the extent that it is practical to do so, management should segregate employee duties and perform supervisory reviews.

*Management's Response.* We will review the functions that are incompatible and take appropriate action to mitigate the effect of the lack of segregation of duties. We will also review our monitoring procedures and make changes as needed. Based on the size of the City, we believe that our actions are appropriate and that there are no other procedures that we believe would be cost effective.

*Item 2008-2* Bond indentures need to be reviewed for compliance with terms.

*Criteria.* The City's sewer bond indenture requires that sewer net revenues equal 125% of the required deposits to the sinking fund for principal, interest and administrative fees for such fiscal year.

*Effect.* The condition is such that the City may not be in compliance with some requirements, the debt could be in default and lenders could demand immediate repayment.

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Finding and Questioned Costs, Continued*

*Year Ended June 30, 2008*

*Cause.* The City's rate structure is not sufficient to cover expenditures.

*Recommendation.* Management should make budgetary adjustments to insure compliance with bond indentures.

*Management's Response.* We will review our rate structure and cost and take any necessary action.

*Item 2008-3* Purchasing procedures need to be reviewed to assess controls over compliance with bid law.

*Criteria.* State law requires goods and services be bid if they exceed certain thresholds.

*Effect.* The condition is such that the City is not in compliance with some requirements of state law. Our audit procedures noted an instance where an item was purchased that should have been bid but the City failed to take bids.

*Cause.* The City does not have a comprehensive policy over purchasing which would include following state law.

*Recommendation.* Management should adopt a comprehensive purchasing policy which would include controls so that goods and services are received at fair and competitive prices consistent with state law, invoices are processed to insure terms coincide with purchase orders and disbursements are properly authorized, documented and recorded.

*Management's Response.* We will review our policies and update them as necessary.

**Significant Deficiencies**

*Item 2008-4* The City has procedures in place to control fuel purchases, but these procedures have not been followed on a consistent basis for all of the motor fleet.

*Criteria.* Controls over gasoline/diesel credit cards (e.g., Fuelman Card) should require that: (a) each vehicle that uses the card maintain a vehicle mileage log; (b) the driver enter the correct odometer reading when fueling the vehicle; (c) the card only be used for the assigned vehicle; (d) management review the card statements to ensure that the

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Finding and Questioned Costs, Continued*

*Year Ended June 30, 2008*

number of gallons received, miles traveled, and miles per gallon are reasonable; and (e) management compare the vehicle mileage log monthly with the card monthly statement.

*Effect.* The condition is such that unauthorized fuel purchases could occur and not be detected.

*Cause.* Failure to properly record odometer readings and failure to submit receipts results in an inability to adequately evaluate the reasonableness of fuel charges.

*Recommendation.* Management should enforce its procedures to verify the accuracy of mileage and fuel purchases.

*Management's Response.* We have addressed the errors with the individuals involved but have not been successful in resolving the problem. We have started reviewing fuel bills on a weekly basis to discover issues on a timely basis. We will continue to work with our employees to achieve compliance or take disciplinary action.

**Item 2008-5** Control over fixed assets needs to be improved.

*Criteria.* Good controls consist of: (1) segregation of custody and record keeping responsibilities; (2) established controls for authorization of acquisitions; (3) policies for proper use of public assets; (4) recorded accountability for capitalized assets and (5) policies for the maintenance of equipment.

*Effect.* The condition is such that assets may not be adequately safeguarded.

*Cause.* The City does not have a comprehensive asset policy regarding control and use of assets.

*Recommendation.* Management should adopt a comprehensive asset policy that includes custody and record responsibilities, authorization controls and controls over use. Accountability includes detail records, capitalization threshold, annual inspections of facilities, reconciliation between records and physical counts, identification tags if needed and procedures for disposal of surplus assets. The policy should also cover warranty and maintenance needs.

*Management's Response.* Management is in the process of updating its employee handbook and we will include a policy for control and use of the City's assets.

**CITY OF PORT ALLEN, LOUISIANA**

*Schedule of Finding and Questioned Costs, Continued*

*Year Ended June 30, 2008*

*Item 2008-6* Monitoring of financial information by the board.

*Criteria.* The Finance Committee/City Council should be reviewing interim financial statements on a consistent basis.

*Effect.* The Finance Committee/City Council is not providing adequate oversight and monitoring of the City's finances.

*Cause.* The Finance Committee/City Council does not receive interim financial statements on a consistent basis.

*Recommendation.* Management should provide interim financial statements to the Finance Committee/City Council to review budgeted and actual results.

*Management's Response.* We will provide financial statements each month.

**Section III – Federal Award Findings**

See Finding 2008-1 above, related to segregation of employee duties.

**Section IV – Independent Auditor's Comments on Resolution of Prior Audit Findings**

Finding 2008-1, 2008-2, 2008-4 and 2008-5 are a repeat of prior year's findings.

There were no other prior year findings.