

CITY OF ZACHARY, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 2023

**CITY OF ZACHARY, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
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and Members of the Council
City of Zachary, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit (City Court of Zachary) and the aggregate remaining fund information of the City of Zachary, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Zachary's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Zachary, Louisiana, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Zachary, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – GASB 96 Implementation

As described in Note A in the notes to the financial statements, the City of Zachary adopted new accounting guidance GASB 96 *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT (continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Zachary's basic financial statements. The Non-Major Debt Service funds – Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance, Schedule of Revenues and Expenditures – General Fund, Schedule of Operating Expense by Department-Enterprise Fund, Component Unit – City Court- Balance Sheet/Statement of Net Position/and Statement of Revenues, Expenditures and Changes in Fund Balance/Activities, Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Per Diem Paid to Elected Officials, Schedule of Compensation of Board Members, Justice System Funding Schedule-Collecting/Disbursing Entity, Schedule of Insurance in Force, Performance and Statistical Data are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Non-Major Debt Service funds – Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance, Schedule of Revenues and Expenditures – General Fund, Schedule of Operating Expense by Department-Enterprise Fund, Component Unit – City Court- Balance Sheet/Statement of Net Position/and Statement of Revenues, Expenditures and Changes in Fund Balance/Activities Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Per Diem Paid to Elected Officials, Schedule of Compensation of Board Members, Justice System Funding Schedule Schedule-Collecting/Disbursing Entity, Schedule of Insurance in Force, Performance and Statistical Data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, on our consideration of the City of Zachary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Zachary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Zachary's internal control over financial reporting and compliance.

Barley & Associates, LLC

Plaquemine, Louisiana
December 1, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

This section of the City of Zachary, Louisiana's (the City) annual financial report presents our discussion and analysis of the City's financial performance during the twelve months ended June 30, 2023. Please read it in conjunction with the City's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The City's combined net position as of June 30, 2023, and June 30, 2022 were \$65,589,451, and \$57,228,717 respectively. Net position of our governmental activities were \$50,225,958 and \$40,774,934 respectively while those of our business-type activities were \$15,363,493 and \$16,453,783 respectively.
- The general fund ended the current fiscal year with a \$23,102,221 fund balance of which \$177,123 is non-spendable and zero dollars applies to inter-fund payables. In the prior fiscal year, the general fund ended the year with a \$13,324,073 fund balance of which \$146,062 was non-spendable and zero dollars was reserved for the payment of interfund payables.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide long-term and short-term information about the City's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as water and sewer systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with more detailed schedules providing further insight into the revenue and expenses of the City.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1 Major Features of City's Government and Fund Financial Statements			
	Fund Statements		
	Government-wide Statements	Government Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary or fiduciary, such as police, fire, and streets	Activities the City operates similar to private businesses: the water, sewer and gas systems
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expense, and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when good or services have been received and payment is due during the year or soon thereafter	All revenue and expenses during year, regardless of when cash is received or paid

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads and utilities infrastructure.

The government-wide financial statements of the City are divided into two categories:

- Government activities – Most of the City's basic services are included here, such as the police, fire, public works, recreation department, and general administration. Sales taxes, property taxes, intergovernmental activities and franchise fees finance most of these activities. Also included in this section is the debt service fund.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water, gas and sewer systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has two kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the government fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page which explains the relationship (or difference) between them.
- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary fund. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as cash flows.

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Condensed Statement of Net Position:

	Table A-1	
	City's Net Position	
	Government Activities	Government Activities
	2023	2022
Current and other assets	40,475,927	19,958,904
Capital assets	60,703,098	56,838,196
Total assets	101,179,025	76,797,100
Deferred Outflow: Pension Related	7,064,691	3,744,983
Deferred Outflow: OPEB	1,852,163	2,858,500
Current liabilities	5,677,595	(221,923)
Long term liabilities	48,942,765	32,366,852
Total liabilities	54,620,360	32,144,929
Deferred Inflow: Pension Related	579,392	4,691,959
Deferred Inflow: OPEB	4,670,169	5,788,761
Net assets:		
Net invested in capital assets	46,269,749	41,536,256
Restricted	21,295,269	16,730,850
Unrestricted	(17,339,060)	(17,492,172)
Total net position	50,225,958	40,774,934

	Table A-1	
	City's Net Position	
	Business-Type Activities	Business-Type Activities
	2023	2022
Current and other assets	(2,267,622)	6,586,984
Capital assets	32,357,794	31,125,464
Total assets	30,090,172	37,712,448
Deferred Outflow: Pension Related	1,049,627	535,678
Current liabilities	3,464,745	8,819,308
Long term liabilities	12,150,675	12,150,335
Total liabilities	15,615,420	20,969,643
Deferred Inflow: Pension Related	160,886	824,700
Net assets:		
Invested in capital assets, net of related debt	22,445,990	20,407,333
Restricted funds	839,441	820,484
Unrestricted (deficit)	(7,921,938)	(4,774,036)
Total net position	15,363,493	16,453,783

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Condensed Statements of Activities

The City's total change in net position was \$8,344,518; \$9,434,808 from governmental activities and (\$1,090,290) from business-type activities. The chart below only reflects the changes from the financial statement whereas the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances reflects the total change in net position. The revenues of the City showed approximately 22% increase from the previous year. The increase is primarily due to the recognition of American Rescue Plan funding spent (and therefore recognized) during the fiscal year. Other revenue sources showed a slight increase in the current fiscal year. The City continues to work diligently to provide necessary services for the Public and at the same time provide for the needs of the staff. Changes in Federal GASB laws, less State and Federal grants and growth that requires new capital expenditures will continue to present a challenge for not just the City but for all municipalities in the future. Table A-2 on the next two pages shows the composition of revenues and summarizes the expenses by function or service area.

	Table A-2	
	Changes in City's Net Position	
	Government Activities	Government Activities
	2023	2022
Revenues		
Charges for services	2,260,346	1,997,698
Fines	270,103	156,050
Grants and contributions	8,905,540	2,047,126
General revenues:		
Taxes	17,706,633	17,581,040
Commissions	1,899,248	1,604,774
Licenses and permits	709,919	603,277
Miscellaneous/Interest Income	1,563,791	1,219,746
Special item	0	0
Non-Employer Contributions	0	0
Total Revenues	33,315,580	25,209,711
Expenses		
General Government	7,899,999	5,715,388
Public Safety	10,635,322	9,331,052
Streets	2,909,051	2,273,386
Sanitation	1,946,062	1,868,068
Debt Service	490,338	196,750
Total Expenses	23,880,772	19,384,644
Transfers/Capital Contributions	0	80,000
Increase in net position	9,434,808	5,905,067

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Condensed Statements of Activities (continued)

	Table A-2 Changes in City's Net Assets	
	Business-Type Activities	Business-Type Activities
	2023	2022
Revenues		
Charges for services	7,985,062	8,042,455
General revenues:		
Miscellaneous/Interest Income	731,745	1,180,958
Total Revenues	8,716,807	9,223,413
Expenses		
Water	1,715,064	1,506,153
Gas	2,232,641	2,189,227
Sewer	1,416,378	1,315,759
Gen./Admin./Warehouse/Mech.	1,883,975	1,823,660
Depreciation	2,453,392	2,285,020
Total Expenses	9,701,450	9,119,819
Non-operating Revenues (Expenses)	(105,647)	(117,089)
Increase (Decrease) in net assets	(1,090,290)	(13,495)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$35,936,123 consisting of \$23,102,221 in the general fund, (\$8,461,367) in the special revenue fund and \$19,497,787 in the debt service fund. Of the above balances \$177,123 is restricted in the general fund, and \$19,497,787 in the debt service fund. The special revenue fund and debt service fund restrictions are related to the bonds issued for street projects. These projects have been substantially completed and the City has another \$3,500,000 that it will be receiving from City Parish as per a CEA agreement for Mount Pleasant Road.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Council may approve amendments to the City's budget. These budget amendments result from items involving accounting changes, increased costs and revenues to the City. The City made budgetary amendments for this fiscal year. The changes to the City's budget affected both revenues and expenses. The Administration continues to budget conservatively as a result of the uncertainty in the economy. The City continues to experience increases in retirement contributions, liability insurance, and other benefit expenses including health insurance. Due to the rising cost of fuel, prices for materials and other contracted services such as sanitation have increased as well.

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

CAPITAL ASSETS

At the end of June 2023, the City had invested \$93,060,892 in a broad range of capital assets, including police and fire equipment, streets, buildings, vehicles, and water and sewer systems. See Table A-3. This amount represents a net increase (including additions and deductions) of \$5,097,232 over the previous year. The City has pursued an aggressive capital rehabilitation in the infrastructure of the City over the last few years. Bond money of approximately \$15,000,000 was acquired at 0.95% interest from DEQ to repair and expand the sewer system. The City has completed these projects related to this funding. Upgrades and expansions have occurred in both gas and water as well including Pipeline Safety upgrades and drilling a new water well on Carpenter Road (replacement). The expansion in gas has given the City the capacity to service any growth in the City for the next 20 years. A grant will be received which will cover most of the cost of the well. Gas system improvements required by Pipeline Safety standards are ongoing. The City began receiving its share of the new road tax passed in 2019. The City expects approximately \$4 million annually for road improvements. The transfer of possession of Highway 64 was completed previously, and the City expects to receive an additional \$1.2 million in cash to be used for future repairs (total \$8.98 million). Road rehabilitation projects were undertaken during the year, with two projects completed (\$5.9 million), and two other projects in progress at June 30, 2023.

	Table A-3 City's Capital Assets			
	Government Activities		Business Activities	
	2023	2022	2023	2022
Land	3,427,149	3,146,577	380,118	180,745
Construction-in-progress	428,966	2,882,188	3,346,299	1,110,388
Building/Infrastructure	10,253,180	9,145,803	57,855,104	56,981,116
Road Infrastructure	51,269,591	45,400,071		
Equipment	17,186,631	16,058,771	2,868,934	2,718,544
Less: Accumulated Depreciation	(23,174,521)	(20,389,145)	(32,572,432)	(30,299,028)
Subscription Assets	388,581			
Less: Accum Deprec	(194,291)			
Lease Assets	1,584,120	1,124,331	782,114	757,568
Lease Accum Amort	(557,523)	(530,399)	(302,343)	(323,869)
Bond Issuance Costs, net	91,215			
Total	60,703,098	56,838,196	32,357,794	31,125,464

The City each year maintains a program to facilitate the Fire and Police Department with their capital needs to assure the community of maintaining the very best public safety. Vehicles, equipment and safety gear are a priority, and the departments use their budgets wisely to ensure the safety of employees. Each year both departments continue to plan for the future so as not to be unprepared for the growth of the community. Training is another vital part of both departments. The Utility Department has received vehicles and necessary equipment in order to perform their vital duties to ensure safety with water, gas and sewer.

CITY OF ZACHARY, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

New subdivisions have been completed, have started construction or have been proposed. The City has also experienced an increase in business establishments, including more upscale restaurants than have built in the past. Administration is cautiously optimistic that this trend will continue but also realize that a very cautious approach to budgeting needs to occur. There are still signs that point toward a less optimistic next few years. However, the state of the economy in Zachary continues to remain strong despite economic consequences of the COVID-19 pandemic. The City attributes this to our strong sales tax base, and more local shopping.

Information received in meetings with State agencies points toward a greater funding of the retirement systems for the City Retirement Funds: Police, Fire and Municipal. The high indicators would have the City be responsible for twice the amount that it is currently responsible, resulting in approximately \$1,000,000 more in retirement expenses. Regardless of the percentage increase, the City recognizes that an increase is coming. Another economic plus for the City is the continued progress of the Comite River Diversion Canal Project. This will give the City the opportunity to address the flooding concerns of the community. These unknowns will all be factors in the next year's budget considerations.

In the past, Administration has always been conservative in the budgeting process and that trend will continue into the new year. Capital expenditures will be kept to a minimum but never to a point that departments will be negatively impacted. As the Administration continues to monitor the revenues of the City, especially in the light of better than expected growth, decisions will be proposed to increase capital where feasible. The receipt of \$6.6M in American Rescue Plan funding has been a significant help in the purchase of a new water metering technology as well as funding the City's portion of Comite Diversion projects and pipeline safety upgrades.

As stated, expenditures for liability insurance and retirement continue to rise but the City continues to implement plans to keep these costs within reason and still provide for employees. The Administration, in conjunction with the Council, continues to handle the delicate balance of revenues vs. expenditures and services to the public with availability in an effort to ensure that the positive net position of the City continues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with an overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions or requests for additional information should be directed to the Chief Financial Officer, P.O. Box 310, Zachary, LA 70791, (225) 654-0287.

BASIC FINANCIAL STATEMENTS

CITY OF ZACHARY, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 27,638,821	\$ 2,198,476	\$ 29,837,297	\$ 157,661
Account receivable		872,809	872,809	-
Intergovernmental receivable	2,437,241	243,853	2,681,094	-
Other receivables	1,215,122	-	1,215,122	-
Prepaid expenses	177,123	76,327	253,450	-
Internal balances	9,007,620	(9,007,620)	-	-
Inventory	-	235,289	235,289	-
Restricted Assets:				
Customer deposits:				
Cash and cash equivalents	-	540,803	540,803	-
Investments	-	1,000,000	1,000,000	-
Utility revenue bond:				
Cash and cash equivalents	-	1,572,441	1,572,441	-
Capital assets:				
Capital assets, not subject to depreciation	3,856,116	3,726,417	7,582,533	-
Capital assets, net of depreciation	55,534,887	28,151,606	83,686,493	-
Subscription assets, net of amortization	194,290	-	194,290	-
Lease assets, net of amortization	1,026,590	479,771	1,506,361	-
Bond issue costs, net of amortization	91,215	-	91,215	-
TOTAL ASSETS	101,179,025	30,090,172	131,269,197	157,661
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	1,852,163		1,852,163	-
Pension related	7,064,691	1,049,627	8,114,318	133,021
LIABILITIES				
Accounts payable	424,633	310,199	734,832	-
Other payables	490,716	585,806	1,076,522	-
Unearned revenue	3,624,455	-	3,624,455	-
Customer meter deposits	-	1,515,251	1,515,251	-
Long-term debt:				
Other Post employment benefits	18,538,885	-	18,538,885	-
Due within one year	1,137,791	1,053,489	2,191,280	-
Due beyond one year	14,457,931	8,960,696	23,418,627	-
Net pension liability	15,945,949	3,189,979	19,135,928	255,066
TOTAL LIABILITIES	54,620,360	15,615,420	70,235,780	255,066
DEFERRED INFLOWS OF RESOURCES				
OPEB	4,670,169	-	4,670,169	-
Pension related	579,392	160,886	740,278	99,591
NET POSITION				
Net invested in capital assets	46,269,749	22,445,990	68,715,739	-
Restricted	21,295,269	839,441	22,134,710	-
Unrestricted	(17,339,060)	(7,921,938)	(25,260,998)	(63,975)
TOTAL NET POSITION	\$ 50,225,958	\$ 15,363,493	\$ 65,589,451	\$ (63,975)

The accompanying notes are an integral part of this statement.

EXHIBIT B

CITY OF ZACHARY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position						Component Unit
	Expenses	Charges for Services	Program Revenues and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 7,899,999	\$ 109,224	\$ 3,526,383	\$ -	\$ (4,264,392)	\$ -	\$ (4,264,392)
Streets	2,909,051	2,041,756	4,630,600	-	3,763,305	-	3,763,305
Public Safety	10,635,322	-	748,557	-	(9,886,765)	-	(9,886,765)
Sanitation	1,946,062	109,366	-	-	(1,836,696)	-	(1,836,696)
Debt Service	490,338	-	-	-	(490,338)	-	(490,338)
Total Governmental Activities	23,880,772	2,260,346	8,905,540	-	(12,714,886)	-	(12,714,886)
Business-type Activities:							
Enterprise - Utilities	9,838,362	8,367,208	-	288,644	-	(1,182,510)	(1,182,510)
Total Business-type Activities	9,838,362	8,367,208	-	288,644	-	(1,182,510)	(1,182,510)
Total Primary Government	33,719,134	10,627,554	8,905,540	288,644	(12,714,886)	(1,182,510)	(13,897,396)
Component Units							
Judicial services	806,151	879,266	-	-	-	-	73,115
Total Component Units	806,151	879,266	-	-	-	-	73,115
General Revenues:							
Taxes							
Fines					17,706,633	54,687	17,761,330
Commissions					270,103	-	270,103
License and permits					1,898,248	-	1,898,248
Interest income					709,919	-	709,919
Others					42,353	31,285	73,638
Total general revenues and transfers					1,521,438	6,258	1,527,696
Change in net position					22,149,694	92,220	22,241,914
NET POSITION - Beginning					9,434,808	(1,090,290)	8,344,518
Restatement of beginning net position- subscription implementation					40,774,934	16,453,783	57,228,717
NET POSITION- Beginning as restated					40,791,150	16,453,783	57,244,933
NET POSITION - Ending					\$ 50,225,958	\$ 15,363,493	\$ 65,589,451
							\$ (63,975)

The accompanying notes are an integral part of this statement.

EXHIBIT C

CITY OF ZACHARY, LOUISIANA
 COMBINED BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Debt Service Fund 2022 Bond	Other Governmental Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 14,867,595	\$ -	\$ 12,021,335	\$ -	\$ 749,891	\$ 27,638,821
Sales tax receivable	1,610,880	-	784,124	-	42,237	2,437,241
Other receivables	1,215,122	-	-	-	-	1,215,122
Prepaid expenses	177,123	-	-	-	-	177,123
Due from other funds	9,728,106	-	6,692,328	-	1,005,354	17,425,788
TOTAL ASSETS	\$ 27,598,826	\$ -	\$ 19,497,787	\$ -	\$ 1,797,482	\$ 48,894,095
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 381,434	\$ 43,199	\$ -	\$ -	\$ -	\$ 424,633
Other payables	490,716	-	-	-	-	490,716
Unearned revenue	3,624,455	-	-	-	-	3,624,455
Due to other funds	-	8,418,168	-	-	-	8,418,168
Total liabilities	4,496,605	8,461,367	-	-	-	12,957,972
Fund balance:						
Nonspendable	177,123	-	-	-	-	177,123
Restricted	-	-	19,497,787	-	1,797,482	21,295,269
Committed	-	(8,461,367)	-	-	-	(8,461,367)
Unassigned	22,925,098	-	-	-	-	22,925,098
Total fund balances	23,102,221	(8,461,367)	19,497,787	-	1,797,482	35,936,123
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,598,826	\$ -	\$ 19,497,787	\$ -	\$ 1,797,482	

Reconciliation of the Government Fund Balance Sheet to the Statement of Net Position:

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

Cost of capital assets at June 30, 2023	\$ 82,565,525	
Less: accumulated depreciation at June 30, 2023	(23,174,522)	59,391,003
Subscription asset, net of amortization	\$ 194,290	
Leased asset, net of amortization	1,026,590	
Bond issue, net of amortization	91,215	1,312,095
Deferred outflow - Pension	\$ 7,064,691	
Deferred outflow - OPEB	1,852,163	8,916,854
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities:		
Lease Payable	\$ (1,052,530)	
Subscription liability	(170,528)	
Bond Payable	(13,210,291)	
OPEB Liability	(18,538,885)	
Pension liability	(15,945,949)	
Compensated absences	(1,162,373)	(50,080,556)
Deferred inflow - Pension	\$ (579,392)	
Deferred inflow - OPEB	(4,670,169)	(5,249,561)
Net position of governmental activities		\$ 50,225,958

The accompanying notes are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Debt Service Fund 2022 Bond	Other Governmental Fund	Total Governmental Funds
REVENUES						
Taxes	\$ 12,844,068	\$ -	\$ 4,619,774	\$ -	\$ 242,791	\$ 17,706,633
Licenses and permits	709,919	-	-	-	-	709,919
Intergovernmental	4,405,640	4,500,000	-	-	-	8,905,640
Charges for services	2,260,346	-	-	-	-	2,260,346
Commissions	1,899,248	-	-	-	-	1,899,248
Fines	270,103	-	-	-	-	270,103
Miscellaneous	1,100,092	6,613	-	-	883	1,107,588
TOTAL REVENUES	23,489,316	4,506,613	4,619,774	-	243,674	32,859,377
EXPENDITURES						
General Government	4,870,399	-	23,891	-	1,969	4,896,259
Court	555,164	-	-	-	-	555,164
Public Safety -						
Police	6,940,574	-	-	-	-	6,940,574
Fire	5,805,159	-	-	-	-	5,805,159
Streets	1,516,528	3,421,400	-	-	-	4,937,928
Sanitation	1,946,062	-	-	-	-	1,946,062
Debt Service:						
Interest	52,026	-	154,425	265,142	18,744	490,337
Principal	386,576	-	685,000	129,709	100,000	1,301,285
TOTAL EXPENDITURES	22,072,488	3,421,400	863,316	394,851	120,713	26,872,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,416,828	1,085,213	3,756,458	(394,851)	122,961	6,986,609
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	8,100,000	-	8,100,000
Bond issue costs	-	-	-	(93,955)	-	(93,955)
Lease Inception	750,126	-	-	-	-	750,126
Transfers from (to) other funds	7,611,194	(685,000)	685,000	(7,611,194)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	8,361,320	(685,000)	685,000	394,851	-	8,756,171
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	9,778,148	400,213	4,441,458	-	122,961	14,742,780
FUND BALANCE (DEFICIT), Beginning	13,324,073	(8,861,580)	16,056,329	-	1,674,521	21,193,343
FUND BALANCE (DEFICIT), Ending	\$ 23,102,221	\$ (8,461,367)	\$ 19,497,787	\$ -	\$ 1,797,482	\$ 35,936,123

The accompanying notes are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - Governmental Funds (Page 17)	\$	14,742,780
The change in net position reported for governmental activities in the statement of activities is different because:		
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.		
Non-employer contributions to cost-sharing pension plan		456,199
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Assets:		6,031,126
Leased assets		750,126
Depreciation expense		(2,876,670)
Amortization of leases		(317,468)
Loss on disposal of asset		(7,717)
Amortization of subscriptions		(77,717)
Amortization of bond issue costs		(2,740)
Bond issue costs		93,955
Lease inception		(750,126)
Annual OPEB (Other Post Employment Benefit) expense		(950,468)
Pension expense		(858,129)
The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability.		
		369
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt: long term debt proceeds \$8,100,000		
Long-term debt proceeds		(8,100,000)
Principal Payments-bonds	\$914,709	
Principal - subscriptions	85,263	
Principal - Leases	<u>301,312</u>	
		<u>1,301,284</u>
Change in net position of governmental activities (Page 15)	\$	<u>9,434,804</u>

The accompanying notes are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,198,476
Accounts receivable (net)	872,809
Intergovernmental receivable	243,853
Other receivables - miscellaneous	-
Prepaid expense	76,327
Inventory	236,289
Total current assets	<u>3,626,754</u>
Restricted assets	
Customer deposits:	
Cash and cash equivalents	540,803
Investments	1,000,000
Utility revenue bond:	
Cash and cash equivalents	1,572,441
Total restricted assets	<u>3,113,244</u>
Capital assets	
Capital Assets, not subject to depreciation	3,726,417
Capital Assets, net of depreciation (excluding lease assets)	28,151,606
Lease Assets, net of amortization	479,771
Total capital assets	<u>32,357,794</u>
TOTAL ASSETS	39,097,792
DEFERRED OUTFLOWS - PENSION	<u>1,049,627</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 40,147,419
LIABILITIES	
Current liabilities	
Payable from current assets:	
Accounts payable	\$ 310,199
Other payables	585,806
Due to other funds	9,007,620
Current portion of long-term debt (note & lease)	320,489
Payable from restricted assets:	
Customers' deposits	1,515,251
Current portion of long-term debt (bonds)	733,000
Total current liabilities	<u>12,472,365</u>
Long-term liabilities	
Compensated absences	102,381
Net pension liability	3,189,979
Bonds payable	8,053,000
Leases payable	307,903
Notes payable	497,412
Total long-term liabilities	<u>12,150,675</u>
TOTAL LIABILITIES	<u>24,623,040</u>
DEFERRED INFLOWS - PENSION	<u>160,886</u>
NET POSITION	
Net invested in capital assets	22,445,990
Restricted	839,441
Unrestricted	(7,921,938)
Total Net Position	<u>15,363,493</u>
TOTAL LIABILITIES, NET POSITION, AND DEFERRED INFLOWS	\$ 40,147,419

The accompanying notes are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Charges for services:	
Water sales	\$ 2,776,993
Gas sales	3,381,501
Sewer service charges	1,540,118
Installation charges	265,000
Impact Fees	21,450
Late fees	246,518
Pension expense income	54,697
Miscellaneous service revenues	135,628
TOTAL OPERATING REVENUES	<u>8,421,905</u>
OPERATING EXPENSES	
Water department	1,715,064
Gas department	2,232,641
Sewer department	1,416,378
Meters	250,719
Warehouse	314,526
Cashiers/Billing	267,372
General and administrative	1,051,358
Depreciation & amortization	2,453,392
TOTAL OPERATING EXPENSES	<u>9,701,450</u>
OPERATING INCOME	<u>(1,279,545)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	31,265
Interest expense	(136,912)
Gain on lease termination	6,258
Federal grant	288,644
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>189,255</u>
CHANGE IN NET POSITION	<u>(1,090,290)</u>
NET POSITION - Beginning	<u>16,453,783</u>
NET POSITION - Ending	<u>\$ 15,363,493</u>

The accompanying notes are an integral part of this statement.

CITY OF ZACHARY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

	Utility Department
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 8,789,292
Cash received from grants	700,530
Cash payments to suppliers	(2,149,279)
Cash payments to employees	(1,908,324)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	5,432,219
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(3,753,654)
Disposal of capital assets	67,934
Interest payments on bonds	(86,915)
Principal payments on bonds	(726,000)
Interest payments on leases	(23,991)
Principal payments on leases	(238,822)
Proceeds from leases	285,892
Interest payments on note	(26,004)
Principal payments on note	(127,400)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,628,960)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(500,000)
Interest income	31,265
NET CASH PROVIDED (USED) BY INVESTING	(468,735)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	334,524
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,977,196
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,311,720
RECONCILIATION OF CASH AND CASH EQUIVALENTS:	
Unrestricted cash	\$ 2,198,476
Restricted cash	2,113,244
	\$ 4,311,720
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (984,643)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,453,392
(Increase) decrease in accounts receivable	710,051
(Increase) decrease in inventory	(16,889)
(Increase) decrease in prepaid expense	(11,653)
(Increase) decrease in deferred outflows	(513,949)
Increase (decrease) in accounts payable and accrued expenses	(553,653)
Increase (decrease) in due to	3,903,915
Increase (decrease) in customer deposits	91,506
Increase (decrease) in net pension	1,001,811
Increase (decrease) in compensated absences	16,145
Increase (decrease) in deferred inflows	(663,814)
Total adjustments	6,416,862
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 5,432,219
Supplemental Data	
Interest paid	\$ 136,912

The accompanying notes are an integral part of this statement.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The City of Zachary, Louisiana operates under a Home Rule Charter that provides for a mayor-council form of government. Five Council members are elected from separate districts at large, and they are compensated for their services. As authorized by its charter, the City is responsible for providing public safety, highways and streets, sanitation, recreation, public improvements, and general government services to its approximately 19,316 inhabitants with its boundaries located in East Baton Rouge Parish.

The accounting and reporting practices of the City of Zachary conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The City's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, and to the industry guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 61, codified into Section 2100, *Defining the Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the City of Zachary is a general-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the City may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The financial reporting entity consists of (a) the primary government (City), (b) the organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, established the criteria for determining which component units should be considered part of the Consolidated Government of the City for financial reporting purposes. The basic criteria includes the following:

1. Legal status of the potential component unit
2. Financial accountability
 - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on that organization or
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

3. Financial benefit/burden relationship between the City and potential component unit.
4. Misleading to exclude: Paragraph 111 of Section 2100 covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As required by generally accepted accounting principles, these financial statements present the City of Zachary, Louisiana (the primary government) and its component unit. The component unit included in the accompanying financial statements is discretely presented.

Discretely Presented Component Unit

Component units that are legally separate from the municipality but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented. The "Component Unit" column of the combined financial statements includes the financial data of the discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the municipality.

The City has one component unit, Zachary City Court, which is defined by GASB Statement No. 61 as another legally separate organization for which the elected City officials are financially accountable.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display financial information about the City of Zachary as a whole entity. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions, while business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the assets and liabilities of each activity, with the difference reported as net position. Net position is further segregated between the amounts invested in capital assets, amounts which are restricted, and those which are unrestricted.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. *Direct expenses* are those that are specifically associated with a program or functions, and therefore, are clearly identifiable to a particular function. *Program revenues* include 1) fees, fines and charges paid by the recipients of goods, services, or privileges offered by a program 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The daily accounts and operation of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The City reports the following Governmental Funds:

Major Funds:

General Fund

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

Special Revenue Fund

This fund accounts for the collection and expenditure of a one cent sales tax which is restricted to street improvement and maintenance.

Debt Service Fund

This fund accounts for transactions relating to resources retained and used for the payment of principal, interest, and related cost on long term debt.

Debt Service Fund- 2022 Bonds)

This fund accounts for transactions relating to resources retained and used for the payment of principal, interest, and related cost on long term debt.

The City reports the following Major Enterprise Fund:

Public Utilities Fund – As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods and services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives or receives value without directed receiving or giving equal value in exchange, including property taxes, grants entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements. Governmental funds 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 revenues 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. However, debt service expenditures, as well as expenditures related to compensated absences and claim and judgments, are recorded only when payment is due.

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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and subscription based information and technology arrangements are reported as other financial sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Use of 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 utility department enterprise 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 non-operating revenues and expenses.

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. The City's policy has set the capitalization threshold for reporting capital assets at \$5,000.

Depreciation of all exhaustible assets is charged as an expense against operations. Depreciation has been provided using the straight-line method over the assets' estimated useful lives, which are as follows:

Buildings	35-40 years
Sewerage system	25-35 years
Gas system	35 years
Water system	12-35 years
Office equipment	5-10 years
Automotive equipment	5-10 years

Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits same to the Members of the Council prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

4. Budgetary amendments involving the transfer of funds from one department or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Members of the Council.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with generally accepted accounting principles.

Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgeted control is total appropriations. Budgeted amounts are as originally adopted.

The original budgeted beginning fund balance is noted on the budget to actual statements in the current year to more accurately reflect the budgets as they were actually presented to the council.

Cash and Cash Equivalents and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market. Certificates of deposit with a maturity date of over three months when purchased are considered investments.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the City may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Fair Value Measurements

The City of Zachary invested in a Certificate of Deposit which is categorized as a Level 1 investment. The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs are unadjusted quoted prices for identical assets in active markets.
Level 2 – Inputs are quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayments speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
Level 3 – Inputs are observable and based on management estimate.

CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable and Bad Debt

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. Accounts receivable are stated net of uncollectible accounts. Uncollectible amounts due from customers for utility services are recognized through an allowance for bad debts account at the time information becomes available. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. Accounts receivable of \$872,809 is reported net of allowance for uncollectible accounts for the year ended June 30, 2023. Revenues of \$8,421,905 are reported net of uncollectible amounts for the year ended June 30, 2023.

Inventory

Inventory of supplies in the proprietary fund is valued at cost (first-in, first-out). Purchases of operating supplies by governmental fund types are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid expenses.

Restricted Assets

Restricted assets include cash and cash equivalents and investments that are legally restricted as to their use. These restricted assets are related to the customers' water deposits and bond accounts.

Right-to-Use Lease Assets

The City has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

Right-to-Use Subscription Assets

The City has recorded right-to-use subscription assets as a result of implementing GASB Statement No. 96. The right-to-use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made prior to the subscription term plus capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the subscription term. The right-to-use subscription assets are amortized on a straight-line basis over the life of the related lease.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenues

Unearned Revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between the individual funds. These interfund receivables/payables are classified on the balance sheet as "Due from Other Funds" or "Due to Other Funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund balances."

Compensated Absences

Municipal employees earn up to 240 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 480 hours plus the vacation hours earned up to the date of termination.

Police 12-hour shift employees earn up to 300 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination all unused vacation is paid to the employee up to a maximum of 540 hours plus the vacation hours earned up to the date of termination.

Police 10-hour shift employees earn up to 270 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 240 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 510 hours plus the vacation hours earned up to the date of termination.

Fire Department employees earn up to 432 hours of vacation leave each year, depending on their length of service. Vacation leave can be accumulated, where up to 432 hours can be carried over each year. Upon termination, all unused vacation is paid to the employee up to a maximum of 864 hours plus the vacation hours earned up to the date of termination.

There is one municipal employee that has 216 hours of frozen vacation, which is an addition to the hours quoted above.

Municipal employees only (fire & police do not) earn varying amounts of sick leave each year depending on their length of service and employment status. Maximums are set for accumulation of sick leave with even more restrictive limits established for post-retirement benefits.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In compliance with GASB Statement 16, the City records a liability for earned vacation and sick leave and reflects the liability for this on the government-wide financial statements.

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, (issued in March of 2000), no compensated absences liability is recorded at June 30, 2023, in the governmental fund financial statements.

Long-Term Obligations

In government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Lease Liabilities

The City is the lessee for several noncancellable leases of copiers and vehicles. The City recognizes a lease liability and an intangible right-to-use asset in the government-wide financial statements. Lease liabilities are reported with long-term debt on the Statement of Net Position.

At the commencement of a lease, The City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgements related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City general uses the risk free rate from the U.S. Department of Treasury website as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonable certain to exercise.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Liabilities

The City has noncancellable subscriptions for police equipment (tasers and body cameras). The City recognizes a subscription liability and an intangible right-to-use asset in the government-wide financial statements. Subscription liabilities are reported with long-term debt on the Statement of Net Position.

The City recognizes the subscription liability at the commencement of the subscription term when the assets are placed in service. The subscription liability will initially be measured at the present value of subscription payments expected to be made during the subscription term. The subscription liability is reduced by the principal portion of the subscription payments made.

Key estimates and judgements related to subscriptions include how the City determines 1) the discount rate it uses to discount the expected subscription payments to present value, 2) subscription term, and 3) subscription payments. The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses the risk free rate from the U.S. Department of Treasury website as the discount rate for subscription. The subscription term includes the noncancellable period of the subscription.

Net Position

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for Local and State Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following component of net position:

- *Net invested in capital assets* – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

- *Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net invested in capital assets.”

Operating Transfers

Advances between funds which are not expected to be repaid are accounted for as operating transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts. These are eliminated in the government-wide statements.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with original maturities of three months, or less when purchased to be cash equivalents.

Fund Equity

City of Zachary, Louisiana elected to implement GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, fund balance of the governmental funds is classified as follows:

- *Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that can be spent only for specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations or other governments.
- *Committed* – Amounts that can be used only for specific purposes determined by a formal action of the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Councilmen.
- *Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed by that are intended to be used for specific purposes.
- *Unassigned* – All other spendable amounts.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

As of June 30, 2023, all fund balances are as follows:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Prepaid items	\$ 177,123				\$ 177,123
Restricted			19,497,787	1,797,482	21,295,269
Committed:					
Capital Outlay		(8,461,367)			(8,461,367)
Unassigned	<u>22,925,098</u>				<u>22,925,098</u>
Total Fund Balances	<u>\$ 23,102,221</u>	<u>\$ (8,461,367)</u>	<u>\$ 19,497,787</u>	<u>\$ 1,797,482</u>	<u>\$ 35,936,123</u>

Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the City or the assignment has been changed by the City. Decreases in fund balance first reduce Unassigned fund balance; in the event that Unassigned becomes zero, then Assigned and Committed fund balances are used in that order.

Pension Plans

The City of Zachary is a participating employer in multiple cost-sharing, multiple-employer defined benefit pension plans as described in Note L. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

OPEB Plan

The City of Zachary's defined benefit postemployment health care plan provides OPEB to eligible retired employees. Medical/dental benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by one of three retirement systems: the Municipal Employees' Retirement System of Louisiana, the Municipal Police Retirement System of Louisiana, and the Firefighters' Retirement System of Louisiana. The City of Zachary's OPEB plan is a single-employer defined benefit plan administered by the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification P52 *Postemployment Benefits Other Than Pensions-Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as revenue until then. The governmental funds report unavailable revenue from property taxes and state revenue sharing. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then.

Accounting Pronouncement Implemented

GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangement for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. A subscription right-to-use asset and a subscription liability is recognized. The lease liability is reduced by principal payments and right-to-use asset is amortized over the life of the subscription. This Statement was implemented as of July 1, 2022.

NOTE B: CASH AND CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2023, the City of Zachary, Louisiana had the following balances:

	Book Balances	Bank Balances
Cash and cash equivalents	\$ 31,950,541	\$ 32,607,147
Investments	1,000,000	1,000,000
Total	\$ 32,950,541	\$ 33,607,147

The deposits are stated at cost, which approximates market.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE B: CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Security on Deposits:

Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2023, the City had the following security on deposits as shown on the following page:

	Primary Government		Component Unit - City Court
	Cash	Nonnegotiable Certificates of Deposit	Cash
Deposits per Balance Sheet (Reconciled bank balance)	\$ 31,950,541	\$ 1,000,000	\$ 157,661
Deposits in bank accounts per bank	\$ 32,607,147	\$ 1,000,000	\$ 260,293
Bank balances exposed to custodial credit risk:			
a. Uninsured and uncollateralized			-
b. Uninsured and collateralized with securities held by the pledging institution			-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name		\$ 37,081,276	\$ 260,293
Excess of FDIC insurance and pledged securities		\$ 3,474,129	\$ -

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

Investments:

Investments of the City of Zachary, Louisiana consist of certificates of deposit. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The City used quoted market values to determine fair value of the investments.

Interest Rate Risk – The City of Zachary has no formal investment policy but has adopted the state investment policy at LA RS 49:327. The City invests in investments with maturities limited to five-year as means of managing its exposure to fair value losses arising from increasing interest rates.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE B: CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City of Zachary invests in certificates of deposits that are backed by FDIC and pledged securities, and U.S. government securities. The City has adopted the state investment policy at LA 49:327 and does not have any other policy that would further limit the investment choices. As of June 30, 2023, 100% of the City's investment balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Concentration of Credit Risk – The City places no limits on the amount they may invest in any one issuer.

At June 30, 2023, the City held a six month certificate of deposit (all level 1), with an original maturity greater than 90 days, totaling \$1,000,000. The certificate of deposit matured on July 3, 2023 and was renewed for another six months. This investment is stated on the balance sheet at market value and is as follows:

<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Certificate of deposit	\$ 1,000,000	\$ 1,000,000	7/3/2023	2.25%
Total Investments	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>		

The City of Zachary did not have Level 2 or 3 assets at June 30, 2023.

NOTE C: ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The receivables at June 30, 2023 are as follows:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beer Tax	\$ 4,331	\$ -
Fines	30,621	-
Sales Tax	2,437,241	-
Charge for Services	448,793	872,809
Intergovernmental sewer fees	-	14,131
Garbage Collection Fees	2,798	-
Fire District #1	98,813	-
Americana tax	22,316	-
Franchise	51,129	-
911 Operations	-	-
Sale of electricity	223,606	-
Sale of insurance	57,390	-
Grant - Federal	74,922	220,722
Other	200,403	-
Total	<u>\$ 3,652,363</u>	<u>\$ 1,107,662</u>

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE D: RESTRICTED ASSETS

Customer deposits are paid by customers upon application of water service and are returnable to them upon termination of services. The City maintains an interest-bearing account and a certificate of deposit which are designated specifically for meter deposits. At June 30, 2023, customer deposits amounted to \$1,540,803.

Certain resources are set aside for repayment of bond indebtedness and are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts and their use is limited by applicable bond ordinances. The following schedule summarizes the current year transactions in the major categories of these restricted accounts:

	Utility Revenue Bond Debt Service Fund	Utility Revenue Bond Debt Service Reserve Fund	Depreciation & Contingency Fund	Totals
Beginning balance, July 1, 2022	\$ 636,391	\$ 410,093	\$ 500,000	\$ 1,546,484
Add:				
Deposits	-	-	-	-
Transfers from utility checking	816,000	-	-	816,000
Interest earned	12,144	8,876	1,852	22,872
Total funds available	1,464,535	418,969	501,852	2,385,356
Less:				
Cash disbursement	-	-	-	-
Bond principal & interest payments	(812,915)	-	-	(812,915)
Transfers to general fund	-	-	-	-
Service charges	-	-	-	-
Ending balance, June 30, 2023	\$ 651,620	\$ 418,969	\$ 501,852	\$ 1,572,441

Total restricted assets of the Utility Fund were applicable to the following at June 30, 2023:

	<u>2023</u>
Customer Deposits Accounts:	
Cash and Cash Equivalents	\$ 540,803
Investments	1,000,000
Utility Revenue Bond:	
Cash and Cash Equivalents	<u>1,572,441</u>
Total	<u>\$ 3,113,244</u>

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE E: CAPITAL ASSETS

A summary of changes in capital assets for governmental activities is as follows:

	Governmental Activities				Balance 6/30/2023
	Beginning Balances as Restated	Additions	Deletions	Reclasses	
<i>Depreciable assets:</i>					
Road infrastructure	\$ 45,400,073			\$ 5,869,519	\$ 51,269,592
Buildings & Improvements	9,145,803	1,107,323			10,253,126
Machinery & equipment	16,058,768	1,226,934	(99,011)		17,186,691
Total Capital Assets	70,604,644	2,334,257	(99,011)	5,869,519	78,709,409
<i>Accumulated depreciation:</i>					
Road infrastructure	6,978,850	1,416,123		-	8,394,973
Buildings & Improvements	3,435,803	311,779			3,747,582
Machinery & equipment	9,974,493	1,148,768	(91,294)	-	11,031,967
Total Accumulated depreciation	20,389,146	2,876,670	(91,294)	-	23,174,522
Capital Assets, Net	\$ 50,215,498				\$ 55,534,887
<i>Non-depreciable assets:</i>					
Land	\$ 3,146,579	\$ 280,572	\$ -	\$ -	\$ 3,427,151
Construction in progress	2,882,187	3,416,297		(5,869,519)	428,965
Non-depreciable capital assets	\$ 6,028,766	\$ 3,696,869	\$ -	\$ (5,869,519)	\$ 3,856,116
<i>Lease assets:</i>					
Vehicles	\$ 1,091,268	\$ 750,126	\$ (290,344)	\$ -	\$ 1,551,050
Copiers	33,063				33,063
	1,124,331	4,446,995	(290,344)	(5,869,519)	1,584,113
<i>Accumulated amortization:</i>					
Vehicles	515,930	309,200	(290,344)	-	534,786
Copiers	14,469	8,268	-	-	22,737
Total Accumulated depreciation	530,399	317,468	(290,344)	-	557,523
Lease Assets, Net	\$ 593,932				\$ 1,026,590
Subscription Asset	\$ 388,581	-	-	-	388,581
Total Accumulated amortization	116,574	77,717	-	-	194,291
Subscription Assets, Net	\$ 272,007				\$ 194,290

Depreciation expense for the year ended June 30, 2023, was charged to the following governmental functions:

General government	\$ 1,460,547
Streets	1,416,123
	<u>\$ 2,876,670</u>

Amortization on lease assets for the year ended June 30, 2023 for governmental activities totaled \$317,468 and amortization on subscription assets totaled \$77,717.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE E: CAPITAL ASSETS, continued

A summary of changes in capital assets for business-type activities is as follows:

	Business-Type Activities				Balance 6/30/2023
	Beginning Balances as Restated	Additions	Deletions	Reclasses	
<i>Depreciable assets:</i>					
Buildings & improvements,					
Gas, water, sewer	\$ 56,981,116	\$ 873,988	\$ -	\$ -	\$ 57,855,104
Machinery & equipment	2,718,544	150,390	-	-	2,868,934
Total Capital Assets	59,699,660	1,024,378	-	-	60,724,038
<i>Accumulated depreciation:</i>					
Buildings & improvements,					
Gas, water, sewer	28,201,308	2,077,686	-	-	30,278,994
Machinery & equipment	2,097,720	195,718	-	-	2,293,438
Total Accumulated depreciation	30,299,028	2,273,404	-	-	32,572,432
Capital Assets, Net.	\$ 29,400,632				\$ 28,151,606
<i>Non-depreciable assets:</i>					
Land	\$ 180,745	\$ 199,373	\$ -	\$ -	\$ 380,118
Construction in progress	1,110,388	2,235,911	-	-	3,346,299
Non-depreciable capital assets	\$ 1,291,133	\$ 2,435,284	\$ -	\$ -	\$ 3,726,417
<i>Lease assets:</i>					
Vehicles	\$ 757,568	\$ 293,992	\$ (269,446)	\$ -	\$ 782,114
Accumulated Amortization	323,869	179,987	(201,513)	-	302,343
Lease Assets, Net	\$ 757,568				\$ 479,771

Depreciation expense for the year ended June 30, 2023 for business-type activities totaled \$2,273,404. Amortization on right-to-use lease assets for the year ended June 30, 2023 for business activities totaled \$179,987.

A summary of the changes in capital assets for the component unit is as follows:

	Component Unit			Balance 6/30/2023
	Balance 6/30/2022	Additions	Deletions	
Machinery and equipment	\$ 388,377		\$ -	\$ 388,377
Accumulated depreciation	(386,534)	(1,843)	-	(388,377)
Capital assets, net of accumulated depreciation	\$ 1,843	\$ (1,843)	\$ -	\$ -

Depreciation expense for the year for the component unit ended June 30, 2023 totaled \$ 1,843.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE F: INTERFUND RECEIVABLE AND PAYABLE

Interfund receivable and payable representing short-term borrowing at June 30, 2023 were as follows:

Major Fund	Interfund Receivables	Interfund Payables
Debt service fund	\$ 6,692,328	
Special revenue fund	-	8,418,168
Proprietary fund	-	9,007,620
General fund	9,728,106	-
<u>Non-Major Fund</u>		
Debt service fund	1,005,354	
	<u>\$ 17,425,788</u>	<u>\$ 17,425,788</u>

NOTE G: CONTRACTS

The City of Zachary, Louisiana has a contract with Waste Management of Louisiana, LLC, to perform the work required to collect and dispose of all residential solid waste for all residential units of the City for a five year period beginning September 1, 2020 and ending September 1, 2025 with an option to extend for an additional 5 years. The contract price is adjusted each year on September 1st to account for inflation. The cost per unit for the current audit year is included in the table below. The total amount paid for this contract for the year ended June 30, 2023 was \$1,653,515.

	<u>9/1/21-8/31/22</u>	<u>9/1/22-8/31/23</u>
Garbage	\$ 16.03	\$ 16.66
Recycle	3.86	4.01
Cost per Unit	<u>\$ 19.89</u>	<u>\$ 20.67</u>

NOTE H: BOND ISSUE COST

The City signed a Certificate of Indebtedness, Series 2022 for \$8,100,00 dated as of the delivery date November 30, 2022. The bonds are being used for the purpose of (i) constructing a new police station and (ii) paying cost of issuance of the Bonds. The bond issue cost are \$93,955 and are being amortized of a 20 year period using the straight line method as follows:

Bond Issue Cost	\$ 93,955
Amortization	(2,740)
Net costs @ 6/30/23	<u>\$ 91,215</u>

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE I: LONG-TERM DEBT

The following is a summary of changes in long-term debt:

	Beginning Balances as Restated	Additions	Deletions	June 30, 2023	Current Portion
Governmental Activities:					
Public Street - bonds	\$ 5,490,000	\$ -	\$ (685,000)	\$ 4,805,000	\$ 715,000
Hotel Occupancy Tax bonds	535,000	-	(100,000)	435,000	105,000
Subscription liability	255,791		(85,263)	170,528	85,264
Lease payable	603,716	750,126	(301,312)	1,052,530	-
Certificate of Indebt. 2022	-	8,100,000	(129,709)	7,970,291	232,527
OPEB Liability	17,476,162	1,062,723		18,538,885	-
Net pension liability	8,111,745	7,834,204		15,945,949	-
Compensated absences	1,162,742		(369)	1,162,373	-
	<u>\$ 33,635,156</u>	<u>\$ 17,747,053</u>	<u>\$ (1,301,653)</u>	<u>\$ 50,080,556</u>	<u>\$ 1,137,791</u>
Business-Type Activities:					
Compensated absences	\$ 86,236	\$ 16,145	\$ -	\$ 102,381	\$ -
Net pension liability	2,188,168	1,001,811		3,189,979	-
Bonds payable	9,512,000	-	(726,000)	8,786,000	733,000
Lease payable	446,919	285,892	(238,819)	493,992	186,089
Loan agreement	759,212	-	(127,400)	631,812	134,400
	<u>\$ 12,992,535</u>	<u>\$ 1,303,848</u>	<u>\$ (1,092,219)</u>	<u>\$ 13,204,164</u>	<u>\$ 1,053,489</u>

Leases

The City of Zachary, Louisiana, as a lessee, has entered into lease agreements involving copiers and motor vehicles. The total of the City's lease assets is recorded at a cost of \$2,366,227, less accumulated amortization of \$859,866.

Public Street Bonds

In 2013, the City of Zachary, Louisiana was issued \$10,000,000 of Public Street Bonds, Series 2013. The City refinanced the Street Bonds effective April 1, 2020. The new interest rate on the refinanced bonds changed from 4.5% to 3%. The interest payments are payable semiannually. Principal payments are made annually beginning October 1, 2014 through October 1, 2028. These funds must be used for the widening and improvement of existing public roads and streets, construction of new public roads and streets, road beautification projects, and paying bond issuance costs.

Hotel Occupancy Tax Bonds

In 2017, the City of Zachary, Louisiana was issued \$1,000,000 of Hotel Occupancy Tax Bonds, Series 2017. The interest rate is 4.50% and interest payments are payable semiannually. Principal payments are made annually beginning January 1, 2018 through January 1, 2027. These funds must be used for the widening and improvement of existing public roads and streets, construction of new public roads and streets, road beautification projects, and paying bond issuance costs.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE I: LONG-TERM DEBT, continued

Certificate of Indebtedness, Series 2022

In 2022, the City of Zachary, Louisiana was issued \$8,100,000 of Certificate of Indebtedness, Series 2022. The interest rate is 5.65% and interest payments are payable monthly. Principal payments are made annually beginning December 30, 2022 through November 30, 2042. These funds must be used for the construction of new police station and paying bond issuance cost.

Following is a summary of loan transactions as of June 30, 2023 for Public Street Bonds, Hotel Occupancy Tax Bonds and Certificate of Indebtedness 2022:

	Public Street	Hotel Occupancy	Certificate of Indebtedness 2022
Balance July 1, 2022	\$ 5,490,000	\$ 535,000	\$ -
Bond proceeds	-	-	8,100,000
Principal payments	685,000	100,000	(129,709)
Balance, June 30, 2023	<u>\$ 4,805,000</u>	<u>\$ 435,000</u>	<u>\$ 7,970,291</u>
Current portion as of June 30, 2023	\$ 715,000	\$ 105,000	\$ 232,527
Long-term liability as of June 30, 2023	4,090,000	330,000	7,737,764
Total liability as of June 30, 2023	<u>\$ 4,805,000</u>	<u>\$ 435,000</u>	<u>\$ 7,970,291</u>

Loan Agreement – Business-Type Fund

In September 2002, the Council authorized the City to execute a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority (the "LCDA") for the purpose of providing funds for the construction of public works and infrastructure related to the Central Service Pump Station and Force Main projects in an amount of \$1,500,000. In August 2003, the City amended the original loan agreement with LCDA for an additional \$1,500,000 for the acquisition, construction, installation, and equipping of meter read system for the various utilities. Advances under the loan agreement were drawn down as expenditures made on this project. The interest rate on these advances fluctuates weekly with changes in the Bond Market Association (BMA) Municipal Swap Index. The average interest rate on outstanding advances at June 30, 2023 was 5.88%.

The future annual debt service requirements as of June 30, 2023 are as follows:

	LCDA Loan
Balance July 1, 2022	\$ 759,212
Principal Payments	(127,400)
Balance, June 30, 2023	<u>\$ 631,812</u>
Current portion as of June 30, 2023	\$ 134,400
Long-term liability as of June 30, 2023	497,412
Total liability as of June 30, 2023	<u>\$ 631,812</u>

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE I: LONG-TERM DEBT, continued

Bonds Payable – Business-Type Fund

In 2012, the City of Zachary, Louisiana was issued \$9,300,000 of Utilities Revenue Bonds, Series 2012 from the State Revolving Fund Program through the Louisiana Department of Environmental Quality, a partial flow through from the United States Environmental Protection Agency. These funds must be used for the purpose of providing for constructing and acquiring improvements and extensions to the Utility system. The bonds bear interest at .45% per annum and administrative fees at .50% with a maturity of 20 years. The bonds are payable in semiannual installments of interest beginning in July, 2012 and annual installments of principal beginning in January 2015.

On November 26, 2013, a second supplemental bond ordinance was adopted authorizing an additional issuance of \$5,000,000 Utilities Revenue Bond, Series 2014 in accordance with the terms and conditions of the above bonds. The funds are to be used for the same purpose as above.

The following is a summary of the loan transactions as of June 30, 2023:

	<u>\$9,300,000</u>	<u>\$5,000,000</u>	<u>Total</u>
Balance July 1, 2022	\$ 5,831,000	\$ 3,681,000	\$ 9,512,000
Bond proceeds	-		-
Principal Payments	(459,000)	(267,000)	(726,000)
Balance, June 30, 2023	<u>\$ 5,372,000</u>	<u>\$ 3,414,000</u>	<u>\$ 8,786,000</u>
Current portion as of June 30, 2023	\$ 463,000	\$ 270,000	\$ 733,000
Long-term liability as of June 30, 2023	4,909,000	3,144,000	8,053,000
Total liability as of June 30, 2023	<u>\$ 5,372,000</u>	<u>\$ 3,414,000</u>	<u>\$ 8,786,000</u>

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE I: LONG-TERM DEBT, continued

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest of \$5,795,441 in the Government-Wide Activities and interest and administrative fees of \$570,947 in the Enterprise Fund, are as follows:

Year Ending June 30	Governmental Activities					
	Public Street Bonds	Hotel	Cert. of	Lease Liabilities	Subscription Liabilities	Totals
		Occupancy Tax Bonds	Indebtedness 2022			
2024	\$ 848,425	\$ 120,224	\$ 676,888	\$ 418,382	\$ 88,589	\$ 2,152,508
2025	861,450	116,550	676,888	367,881	88,589	2,111,358
2026	868,500	117,875	676,888	202,920	-	1,866,183
2027	879,575	119,025	676,888	116,843	-	1,792,331
2028	894,525	-	676,888	73,176	-	1,644,589
2029-2031	903,350	-	2,030,664	-	-	2,934,014
2032-2042	-	-	7,727,804	-	-	7,727,804
Total	5,255,825	473,674	13,142,908	1,179,202	177,178	20,228,787

Year Ending June 30	Business-Type Activities					
	Bonds	Bonds	LCDA	Lease	Totals	GRAND TOTAL
	Series 2012	Series 2014	Loan	Liabilities		
2024	\$ 511,836	\$ 301,151	\$ 143,595	\$ 202,390	\$ 1,158,971	\$ 3,311,479
2025	511,417	300,576	148,679	154,706	1,115,378	3,226,736
2026	501,957	300,978	154,885	81,209	1,039,029	2,905,212
2027	511,454	301,351	162,051	77,816	1,052,672	2,845,003
2028	511,908	300,701	53,410	42,710	908,729	2,553,318
2029-2031	1,534,023	902,947	-	-	2,436,970	5,370,984
2032-2042	1,566,401	1,204,601	-	-	2,771,002	10,498,806
Total	5,648,995	3,612,305	662,620	558,831	10,482,751	30,711,538

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE J: FLOW OF FUNDS & RESTRICTIONS ON USE – BONDS PAYABLE

A) BUSINESS TYPE FUND

All of the income and revenues earned or derived from the operation of the System shall be deposited daily as the same may be collected in the City's Utilities Revenue Fund" (the "Revenue Fund"). Funds in the Revenue Fund shall be expended in the following order of priority and for the following express purposes:

- 1) The payment of all reasonable and necessary expenses of operation and maintenance of the System as are not provided for from other lawfully available sources.
- 2) The establishment and maintenance of a "Utilities Revenue Bond Debt Service Fund" (the "Debt Service Fund"), sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds, as they severally become due and payable, by transferring from funds in the Revenue Fund, after making the payments required by (a) above, to the Debt Service Fund monthly on or before the 20th day of each month of each year, at least a sum equal to 1/6th of the interest and Administrative Fee, if any, falling due on the Bonds on the next Interest Payment Date and at least a sum equal to 1/12th of the principal falling due on the Bonds on any Principal Payment Date that occurs within the next ensuing twelve months, together with such additional proportionate monthly sum as may be required to pay said principal, interest, and Administrative Fee as the same become due. The City shall transfer from said Debt Service Fund to the paying agent(s) for all Bonds payable from the Debt Service Fund, or directly to the Owners, not less than three days prior to each Interest Payment Date, funds fully sufficient to pay promptly the principal, interest, and Administrative Fee of the Bonds falling due on such date.
- 3) The establishment and maintenance of a "Utilities Revenue Bond Debt Service Reserve Fund" (the "Reserve Fund"), containing separate accounts for each series of the Bonds, each such account to be designated (as set forth in a Series Ordinance) as the "Series 2012 Account," the money in the accounts of Reserve Fund to be retained solely for the purpose of paying the principal of and interest on the respective series of the bonds payable from the Debt Service Fund as to which there would otherwise be default, by transferring from the proceeds of such series or from other available monies, or from the Revenue Fund (after making all required payments from said fund as hereinabove described), monthly or annually, such amounts as will increase the total amount on deposit in each account in the Reserve Fund to a sum equal to the Reserve Fund Requirement for the applicable Series of the Bonds.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE J: FLOW OF FUNDS & RESTRICTIONS ON USE – BONDS PAYABLE, continued

- 4) The establishment and maintenance of the "Depreciation and Contingency Fund" (the "Contingencies Fund"), to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from funds in the Revenue Fund after making the payment required (1), (2), and (3) above to the Contingencies Fund monthly on or before the 20th day of each month of each year, a sum equal to five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available after provisions is made for the payments required under paragraphs (1), (2), and (3) above. Such payments into the Contingencies Fund shall continue until such time as there has been accumulated in the Contingencies Fund the sum of Five Hundred Thousand Dollars (\$500,000), whereupon such payments may cease and need be resumed thereafter only if the total amount of money on deposit in said fund is reduced below the sum of Five Hundred Thousand Dollars (\$500,000), in which event such payments shall be resumed and continue until said maximum amount is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingencies Fund may also be used to pay the principal of and the interest on the Bonds for the payment of which there is not sufficient money in the Debt Service Fund and Reserve Fund described in paragraphs (2) and (3) above, but the money in said Contingencies Fund may also be used to pay the principal of and the interest on the Bonds for the payment of which there is not sufficient money in the Debt Service Fund and Reserve Fund shall never be used for the making of improvements and extensions to the System or for payment of principal or interest on Bonds if the use of said money will leave in said Contingencies Fund for the making of emergency repairs or replacements less than the sum of Seventy-Five Thousand Dollars (\$75,000).

- 5) Any money remaining in the Revenue Fund after making the above-required payments may be used by the City for the purpose of calling and/or purchasing and paying any bonds payable from the Revenues, or for such other lawful corporate purposes as the Governing Authority may determine.

B) GOVERNMENTAL FUNDS

In order that the principal of and the interest on the Bonds will be paid in accordance with their terms and for the other objects and purposes hereinafter provided, the Issuer further covenants as follows:

The Revenues shall continue to be deposited each month, as received, in a special bank account maintained with the regularly designated fiscal agent of the Issuer and designated as the "Public Street Fund – 2013" (hereinafter called the "Revenue Bond Fund").

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE J: FLOW OF FUNDS & RESTRICTIONS ON USE – BONDS PAYABLE, continued

The funds on deposit in the Revenue Fund shall be used in the following order of priority and for the following express purposes:

- 1) The establishment and maintenance of the "Public Street Bond Sinking Fund – 2013." (hereinafter called the "Sinking Fund"), sufficient in amount to pay promptly and fully the principal of, premium, if any, and the interest on the Bonds herein authorized, including any pari passu bonds issued hereafter in the manner provided by this Bond Ordinance, as they severally become due and payable, by transferring from the Revenue Bond Fund to the regularly designated fiscal agent of the Issuer, monthly in advance on or before the 20th day of each month of each year, a sum equal to one-sixth (1/6) of the interest falling due on the next Interest Payment Date and one-twelfth (1/12) of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said fiscal agent shall transfer from the Sinking Fund to the paying agent bank or banks for all bonds payable from the Sinking Fund, at least two (2) days in advance of the date on which payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date.

All or any part of the monies in the Revenue Bond Fund and the Sinking Fund may be invested in Government Investments. All income derived from such Government Investments shall be added to the Revenue Bond Fund, and such investment shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which the Revenue Bond Fund was created.

All monies remaining in the Revenue Bond Fund on the 20th day of each month in excess of (i) all reasonable and necessary expenses of collection and administration of the Tax, and (ii) after making the required payments into the Sinking Fund for the current month and for prior months during which the required payments may not have been made, shall be considered as surplus. Such surplus may be used by the Issuer for any of the purposes for which the Tax is authorized.

The maintenance of the Public Street Revenue Bond Reserve Fund (hereinafter called the "Reserve Fund"), with regularly designated fiscal agent of the Issuer. The money in the Reserve Fund is to be retained solely for the purpose of paying the principal of and the interest on the Bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default (except for certain earnings which may be owed the United States pursuant to Section 148(f) of the Code). On or before the 20th day of each month following the delivery of the Bonds, an amount equal to one thirty-sixth of the Revenue Fund Requirement shall be deposited in the Reserve Fund and such deposits shall continue until the Reserve Fund Requirement for the Bonds is satisfied. In the event that Additional Parity Bonds are issued hereafter, there shall be deposited into the Reserve Fund, from the proceeds of such Additional Parity Bonds and/or from any other source provided by the Issuer, such additional amounts (as may be designated in the ordinance authorizing the issuance of such Additional Parity Bonds) as will increase the total amount on deposit in the Reserve Fund within a period not exceeding three (3) years to a sum equal to the Reserve Fund Requirement.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE J: FLOW OF FUNDS & RESTRICTIONS ON USE – BONDS PAYABLE, continued

If at any time it shall be necessary to use monies in the Reserve Fund for the purpose of paying principal or interest on Bonds as to which there would otherwise be default, then the monies so used shall be replaced from the revenues first thereafter by the Revenue Bond Fund, not hereinabove required to pay the expenses of collecting and administering the Taxes or to pay current principal and interest requirements, it being the intention hereof that there shall as nearly as possible be at all times in the Reserve Fund the amount hereinabove specified.

The Reserve Fund Requirement, in whole or in part, may be funded with cash investment obligations, or one or more Reserve Products, or a combination thereof. Any such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in amounts held hereunder for payment of the principal of or interest on the Bonds due on such date which cannot be cured by amounts in any account held pursuant to this Bond Ordinance and available for such purpose, and shall name the Paying Agent of each issue of Outstanding Parity Bonds as the beneficiary thereof. The Reserve Product must be rated in the highest rating category by each Rating Agency. If a disbursement is made from a Reserve Product as provided above, the Issuer shall be obligated to reinstate the maximum limits of such disbursement from the first Revenues available pursuant to this Section or to replace such Reserve Product by depositing into the Reserve Fund pursuant to such sections, the maximum amount originally available under such Reserve Product, plus amounts necessary to reimburse the Reserve Product for previous disbursements under such Reserve Product, or a combination thereof. For purposes of this Section, amounts necessary to satisfy such reimbursement obligations of the Issuer to the Reserve Product Provider shall be deemed to be required deposits to the Reserve Fund, and shall be applied to satisfy the obligations to the Reserve Product Provider.

If the Reserve Fund Requirement is funded in whole or in part with cash or Investment Obligations and no event of default shall have occurred and be continuing hereunder, the Issuer may at any time in its discretion, substitute a Reserve Product meeting the requirements of the Bond Ordinance for the cash and investment obligations in the Reserve Fund and the Issuer may then withdraw such cash and investment obligations from the Reserve Fund expend such replaced funds and obligations for the purposes the Bonds were issued and, in the event the Bonds were issued for more than one purpose for the purposes and in the same proportion as the purposes for which the Bonds were issued so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect with respect to the Bonds, and (ii) the Issuer obtains opinion of Bond Counsel to the effect that such actions will not, and in and of themselves, adversely affect the exclusion from gross income of interest on the Bonds (if not taxable obligations) for federal income tax purposes.

The Revenue Bond Fund, Reserve Fund, and the Sinking Fund provide for in this Section shall all be and constitute trust funds for the purposes provided in this Bond Ordinance, and the Owners of the Bonds issued pursuant to this Bond Ordinance are granted a lien on all such funds until applied in the manner provide herein. The monies in such funds shall at all times be secured to the full extent thereof by the bank or trust company holding such funds in the manner required by the laws of the State of Louisiana.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE J: FLOW OF FUNDS & RESTRICTIONS ON USE – BONDS PAYABLE, continued

All monies remaining the Revenue Fund on the 20th day of each month after making the required payments into the Sinking Fund and the Reserve Fund for the current month and for prior months during which the required payments may have not have been made, shall be considered as surplus. Such surplus may be used by the Issuer for any of the purposes for which the imposition of the Taxes is authorized.

All or any part of the monies in the Reserve Fund shall, at the written request of the issuer, be invested in direct obligations of the United States of America, maturing in five (5) years or less. The income on such funds shall be added to the Revenue Bond Fund, provided that if the amount in the Reserve Fund at any time is less than the Reserve Fund Requirement, then any income derived from such investments in the Reserve Fund shall be retained in the Reserve Fund. Such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purposes for which the respective funds are herein created.

NOTE K: ACCOUNTS, SALARIES, AND OTHER PAYABLES

A summary of payables at June 30, 2023 is as follows:

<u>Class of Payables</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Accounts payable	\$ 424,633	\$ 310,199
Accrued expenses	490,716	685,806
Total	<u>\$ 915,349</u>	<u>\$ 896,005</u>

NOTE L: AD VALOREM TAXES

Ad valorem taxes are levied and are actually billed to the taxpayers in December of each year. Billed ad valorem taxes become delinquent on January 2nd of the following calendar year. If ad valorem taxes are unpaid by June 30, the property is offered at a tax sale, and thirty days after the tax sale a lien is placed on the property.

The East Baton Rouge Parish Sheriff's office bills and collects the property taxes for the City using the assessed values determined by the tax assessor of East Baton Rouge Parish. For the 2023 calendar year, taxes of 5.48 mils were levied (6.75 mils authorized) on property with assessed valuations totaling \$207,827,980 and were available for general purposes.

Ad valorem taxes collected during the year ended June 30, 2023 totaled \$1,131,566.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN

The City of Zachary's office implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting Related to Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require that the City of Zachary's office to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

Substantially all employees of the City of Zachary are members of either, the Municipal Employees Retirement System of Louisiana, the Municipal Police Employees Retirement System of Louisiana, the Firefighters' Retirement System, or the Louisiana State Employees' Retirement System. The systems are cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustees. Pertinent information relative to each plan follows:

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description:

All of the City's full-time general employees participate in the MERS, a multiple-employer, cost-sharing pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City are members of Plan A. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. MERS has issued a stand-alone audit report on their financial statements for the year ended June 30, 2022. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

Retirement Benefits:

Any member of Plan A who commenced participation before January 1, 2013 can retire providing the member meets one of the following criteria: (1) any age with twenty-five (25) or more years of creditable service, (2) age 60 with a minimum of ten (10) years of creditable service, (3) any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

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

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Any member of Plan A Tier 2 can retire providing he or she meets one of the following requirements: (1) age 67 with seven (7) years of creditable service; (2) age 62 with ten (10) years of creditable service; (3) age 55 with thirty years (30) of creditable service; (4) any age with twenty five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

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

Survivor Benefits:

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

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

DROP Benefits:

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

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

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final average compensation multiplied by his years of creditable service, but not less than forty-five percent of his final compensation or, (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases:

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

Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Employer Contributions:

Contributions for all members are established by statute. Member contributions are at 10% of earnable compensation for Plan A. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2022, the actual employer contribution rate was 29.50% of member's earnings for Plan A.

According to state statute, the System also receives one-fourth (1/4) of 1% ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the System and the Employee's Retirement System of the City of Baton Rouge and the Parish of East Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Administrative costs of the System are financed through employer contributions.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Plan members are required by state statute to contribute 10.00% of their annual covered salary to the System, and the City of Zachary is required to make contributions at an actuarially determined rate. The rate paid by the City during the past fiscal period was 29.50% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the City of Zachary are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, 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. The City's contributions to the MERS during the years ended June 30, 2023, 2022 and 2021 totaled \$793,700, \$713,379, and \$753,345, respectively, equal to the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At June 30, 2023, the City reported a liability of \$2,039,495 for its governmental activities and \$3,189,979 for its business-type activities for its proportionate share of the net pension liability for MERS, totaling \$5,229,474. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion for MERS was 1.259133%, which was a decrease of 0.030515% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$238,859 for its governmental activities for MERS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$6,840), and recognized pension expense of \$373,601 for its business-type activities for MERS less employer's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions, (\$10,699).

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for its governmental activities and business-type activities for MERS from the following sources:

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,409	\$ (7,810)	\$ 3,767	\$ (12,216)	\$ 6,176	\$ (20,026)
Changes of assumptions	19,756	-	30,901	-	50,657	-
Net difference between projected and actual earnings on pension plan investments	339,365	-	530,801	-	870,166	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(95,051)	-	(148,670)	-	(243,721)
Employer contributions subsequent to the measurement date	309,543	-	484,157	-	793,700	-
Total	<u>\$ 671,073</u>	<u>\$ (102,861)</u>	<u>\$ 1,049,626</u>	<u>\$ (160,886)</u>	<u>\$ 1,720,699</u>	<u>\$ (263,747)</u>

The City reported a total for MERS of \$309,543 for its governmental activities and \$484,157 for its business-type activities, totaling \$793,700, as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability for the year ended June 30, 2024.

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

Year	Primary Government		
	Governmental Activities	Business-Type Activities	Total Primary Government
2024	17,215	26,927	44,142
2025	46,233	72,314	118,547
2026	32,475	50,794	83,269
2027	162,745	254,549	417,294
	<u>\$ 258,668</u>	<u>\$ 404,584</u>	<u>\$ 663,252</u>

Actuarial Assumptions:

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2022 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

A summary of actuarial methods and assumptions used in determining the total net pension liability for MERS as of June 30, 2022 is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years for Plan A
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Salary increases, including inflation and merit increases	1- 4 years of service: 6.4% More than 4 years of service: 4.5%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate:

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period.

The effect on net pension liability of differences between the project earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

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

The following table represents the City's proportionate share of the net pension liability (NPL) using the discount rate for MERS as well as the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by MERS (assuming all other assumptions remain unchanged):

	Primary Government Total		
	1.0% Decrease	Current	1.0% Increase
	5.850%	Discount Rate 6.850%	7.850%
Net Pension Liability	\$ 6,956,220	\$ 5,229,474	\$ 3,770,427

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

	Governmental Activities		
	1.0% Decrease	Current	1.0% Increase
	5.850%	Discount Rate 6.850%	7.850%
Net Pension Liability	\$ 2,712,926	\$ 2,039,495	\$ 1,470,467

	Business-Type Activities		
	1.0% Decrease	Current	1.0% Increase
	5.850%	Discount Rate 6.850%	7.850%
Net Pension Liability	\$ 4,243,294	\$ 3,189,979	\$ 2,299,960

Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description:

All of the City's full-time police employees participate in the MPERS, a multiple-employer, cost-sharing, defined benefit pension plan administered by a separate board of trustees. MPERS was established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers of Louisiana. Benefits are established and amended by state statute. MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Retirement Benefits:

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

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by actuary.

Deferred Retirement Option Plan:

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

If the member elects a money market investment return, the funds are transferred to a government money market account and can earn interest at the money market rate.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Initial Benefit Option Plan:

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

Employer Contributions:

Contributions for all members are actuarially determined as required by state law but cannot be less than 9.00% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2022, total contributions due for employers and employees were 39.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.75% and 10.00%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 29.75% and 8.00%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32.25% and 7.50%, respectively. The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2022, and excluded from pension expense.

Plan members are required by state statute to contribute 10% of their annual covered salary to the System, and the City of Zachary is required to make contributions at an actuarially determined rate. The rate paid by the City during the past fiscal period was 31.25% of annual covered payroll. The contribution requirements of plan members and the City of Zachary are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, 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. The City's contributions to the MPERS during the years ended June 30, 2023, 2022, and 2021 total \$774,454, \$669,125 and \$709,447, respectively, equal to the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At June 30, 2023, the City reported a liability of \$7,457,306 for its proportionate share of the net pension liability for MPERS. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion for MPERS was 0.729551%, which was an increase of 0.023336% from its proportion measured as of June 30, 2022.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

For the year ended June 30, 2023, the City recognized pension expense of \$1,290,255 for MPERS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$5,507).

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for MPERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,779	\$ (60,780)
Changes of assumptions	257,235	(55,467)
Net difference between projected and actual earnings on pension plan investments	1,331,364	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	181,990	(49,133)
Employer contributions subsequent to the measurement date	774,454	-
Total	\$ 2,581,822	\$ (165,380)

The City reported a total for MPERS of \$774,454, as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability for the year ended June 30, 2024.

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

Year	
2024	431,319
2025	383,735
2026	128,583
2027	698,351
	\$ 1,641,988

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Actuarial Assumptions:

A summary of actuarial methods and assumptions used in determining the total net pension liability for MPERS as of June 30, 2022 is as follows:

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Inflation Rate	2.5%	
Expected Remaining Service Lives	4 years	
Investment Rate of Return	6.750%, net of investment expense	
Projected Salary Increases	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 - 2	12.30%
	Above 2	4.70%

Mortality

For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Mortality Rate:

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

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

The best estimates of the arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternatives	14.00%	0.95%
Totals	100%	5.40%
Inflation		2.66%
Expected Arithmetic Return		8.06%

Discount Rate:

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table represents the City's proportionate share of the net pension liability (NPL) using the discount rate for MPERS as well as the City's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by MPERS:

	<u>1.0% Decrease 5.750%</u>	<u>Current Discount Rate 6.750%</u>	<u>1.0% Increase 7.750%</u>
Net Pension Liability	\$ 10,438,801	\$ 7,457,306	\$ 4,966,771

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Firefighters' Retirement System (FRS)

Plan Description:

All of the City's full-time fire employees participate in the FRS, a multiple-employer, cost-sharing, defined benefit pension plan administered by a separate board of trustees. FRS was established by Act 434 of 1979 and amended by LRS 11:2251-11:2272 to provide retirement, disability, and survivor benefits to participating, eligible firefighters in Louisiana. Benefits are established and amended by state statute. FRS issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System's website: www.ffret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Eligibility Requirements:

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the State of Louisiana, except for Orleans Parish and the City of Baton Rouge.

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

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

Retirement Benefits:

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect the maximum benefit (unreduced benefit which ceases upon the member's death) or any of six other options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Disability Benefits:

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits:

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan:

After completing 20 years of creditable service and attaining the age of 50, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

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

Initial Benefit Option Plan:

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

Cost of Living Adjustment (COLAs):

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

Employer, Employee, and Non-employer Contributions:

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes. According to State statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2022, employer and employee contribution rates for members above the poverty line were 33.75% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.75% and 8.00%, respectively.

According to State statute, the System receives insurance premium assessments from the State of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2022, and were excluded from pension expense.

Plan members are required by state statute to contribute 10% of their salary to the System, and the City of Zachary is required by this statute to contribute the remaining amounts necessary to pay benefits when due (currently 33.25%). The contribution requirements of plan members and the City of Zachary are established 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. The City's contributions to the FRS during the years ended June 30, 2023, 2022, and 2021, totaled \$836,554, \$791,506 and \$667,133, respectively, equal to the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At June 30, 2023, the City reported a liability of \$6,414,146 for its proportionate share of the net pension liability for FRS. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion for FRS was 0.909643%, which was an increase of 0.084934% from its proportion measured as of June 30, 2021.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

For the year ended June 30, 2023, the City recognized pension expense of \$1,262,020 for FRS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$1,513).

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for FRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,329	\$ (302,328)
Changes of assumptions	528,889	-
Net difference between projected and actual earnings on pension plan investments	1,452,971	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	943,362	(5,078)
Employer contributions subsequent to the measurement date	836,554	-
Total	<u>\$ 3,800,105</u>	<u>\$ (307,406)</u>

The City reported a total for FRS of \$836,554 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability for the year ended June 30, 2024.

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

<u>Year</u>	
2024	639,548
2025	524,611
2026	358,660
2027	953,507
2028	134,231
2029	45,588
	<u>\$ 2,656,145</u>

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Actuarial Assumptions:

A summary of actuarial methods and assumptions used in determining the total net pension liability for FRS as of June 30, 2022 is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return (discount rate)	6.90% per annum (net of investment expenses, including inflation) 0
Expected Remaining Service Lives	7 years, closed period
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

Mortality Rate:

For the June 30, 2022 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2022. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2022.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of arithmetic real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2022, are summarized in the following table:

		As of June 30, 2022	
	Asset Type	Target Asset Allocation	L-T Expected Real Rate of Return
Equity	U.S. Equity	27.50%	5.64%
	Non-U.S. Equity	11.50%	5.89%
	Global Equity	10.00%	5.99%
	Emerging Market Equity	7.00%	7.75%
Fixed Income	U.S. Core Fixed Income	18.00%	0.84%
	U. S. TIPS	3.00%	0.51%
	Emerging Market Debt	5.00%	2.99%
Multi-Asset Strategies Alternatives	Global Tactical Asset Allocation	0.00%	3.14%
	Risk Parity	0.00%	3.14%
	Real Estate	6.00%	4.57%
	Real Assets	3.00%	4.89%
	Private Equity/Private Debt	9.00%	8.99%
		100%	

Discount Rate:

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

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

The following represents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2022:

	1.0% Decrease 5.90%	Current Discount Rate 6.90%	1.0% Increase 7.90%
Net Pension Liability	\$ 9,489,034	\$ 6,414,146	\$ 3,849,492

Louisiana State Employees' Retirement System

Plan Description:

All of the Zachary's City Court (a component unit) employees, including judges for the City of Zachary, participate in the Louisiana State Employees' Retirement System (LASERS), a multiple-employer, cost-sharing, defined benefit pension plan. Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Retirement Benefits:

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing ten years of creditable service or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials received an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to basic retirement, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Act 992 on the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will received a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge. A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classifications.

Deferred Retirement Benefits:

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits:

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Survivor Benefits:

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011, who was in state service at the time of death, must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit, regardless of when earned, in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and in active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the member's final average compensation.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Permanent Benefit Increases/Cost of Living Adjustments:

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions:

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of the benefits for all classes of members, regardless of their plan memberships. The member and employer rates for the year ended June 30, 2022 are as follows:

Plan	Plan Status	Employer Contribution Rate
Appellate Law Clerks	Closed	39.5%
Appellate Law Clerks hired on or after 7/1/06	Closed	39.5%
Alcohol Tobacco Control	Closed	42.6%
Bridge Police	Closed	38.6%
Bridge Police hired on or after 7/01/06	Closed	38.6%
Corrections Primary	Closed	39.0%
Corrections Secondary	Closed	43.3%
Hazardous Duty	Open	45.3%
Judges hired before 1/1/11	Closed	43.7%
Judges hired after 12/31/10	Closed	43.0%
Judges hired on or after 7/1/15	Open	43.0%
Legislators	Closed	35.8%
Optional Retirement Plan (ORP) before 7/1/06	Closed	37.6%
Optional Retirement Plan (ORP) on or after 7/1/06	Closed	37.6%
Peace Officers	Closed	41.4%
Regular Employees hired before 7/1/06	Closed	39.5%
Regular Employees hired on or after 7/1/06	Closed	39.5%
Regular Employees hired on or after 1/1/11	Closed	39.5%
Regular Employees Hired on or after 7/1/15	Open	39.5%
Special Legislative Employees	Closed	37.8%
Wildlife Agents	Closed	51.2%
Aggregate Rate		40.2%

The City's contractually required composite contribution rate for the year ended June 30, 2023 was 44.8% for the City and 44.8% for the City Court, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the City were \$4,089 for the year ended and contributions from City Court were \$36,527 for the year ended June 30, 2023.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At June 30, 2023, the City reported a liability of \$35,002 for its proportionate share of the net pension liability for LASERS and the City Court reported a liability of \$255,066. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The City and City Court's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion for LASERS was 0.00046%, which was a decrease of 0.00001% from its proportion measured as of June 30, 2021. At June 30, 2022, the City Court's proportion for LASERS was 0.00337%, which was a decrease of 0.00061% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$4,634 for LASERS plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$861. The City Court recognized pension expense of \$33,785 for LASERS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$19,929).

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for LASERS from the following sources:

	<u>Primary Government</u>		<u>Component Unit</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 95	\$ -	\$ 696	\$ -
Changes of assumptions	636	-	4,637	-
Net difference between projected and actual earnings on pension plan investments	2,819	-	20,545	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,052	(3,745)	70,616	(99,591)
Employer contributions subsequent to the measurement date	4,089	-	36,527	-
Total	<u>\$ 11,691</u>	<u>\$ (3,745)</u>	<u>\$ 133,021</u>	<u>\$ (99,591)</u>

The City reported a total for LASERS of \$4,089 and the City Court reported a total for LASERS of \$36,527 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability for the year ended June 30, 2024.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

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

Year	Primary Government	Component Unit
2024	2,125	(2,266)
2025	512	(9,720)
2026	(713)	(5,195)
2027	1,933	14,084
	\$ 3,857	\$ (3,097)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for 2022. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Portfolio Real Rate of Return
Cash	0.39%
Domestic equity	4.57%
International equity	5.76%
Domestic Fixed Income	1.48%
International Fixed Income	5.04%
Alternative Investments	8.30%
Totals	5.91%

Discount Rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

Actuarial Assumptions:

A summary of actuarial methods and assumptions used in determining the total net pension liability for LASERS as of June 30, 2022 is as follows:

Valuation Date	June 30, 2022																		
Actuarial Cost Method	Entry Age Normal																		
Actuarial Assumptions:																			
Inflation Rate	2.30% per annum																		
Expected Remaining Service Lives	2 years																		
Investment Rate of Return	7.25% per annum, net of investment expenses*																		
Mortality	Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members																		
Salary increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:																		
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.6%</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																	
Regular	3.0%	12.8%																	
Judges	2.6%	5.1%																	
Corrections	3.6%	13.8%																	
Hazardous Duty	3.6%	13.8%																	
Wildlife	3.6%	13.8%																	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

*The investment rate of return used in the actuarial valuation for funding purposes was 7.60%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.25%, which is the same as the discount rate. Therefore the System's management concludes that the 7.25% discount rate is reasonable.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

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

The following presents the City and City Court's proportionate share of the net pension liability (NPL) using the discount rate of 7.25% for LASERS as well as the City and City Court's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by LASERS:

	Primary Government		
	1.0% Decrease	Current	1.0% Increase
	6.25%	Discount Rate 7.25%	8.25%
Net Pension Liability	\$ 44,042	\$ 35,002	\$ 26,758

	Component Unit		
	1.0% Decrease	Current	1.0% Increase
	6.25%	Discount Rate 7.25%	8.25%
Net Pension Liability	\$ 320,947	\$ 255,066	\$ 194,991

Summarized Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources

At June 30, 2023, the City reported a total liability of \$15,945,949 for its governmental activities and \$3,189,979 for its business-type activities for its proportionate share of the net pension liability and the City Court reported a total liability of \$255,066 for its proportionate share of the net pension liability.

For the year ended June 30, 2023, the City recognized total pension expense of \$2,795,768 for its governmental activities and \$373,601 for its business activities less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$12,999) for its governmental activities and (\$10,699) for its business-type activities. The City Court recognized total pension expense of \$33,785, less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (19,929).

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M: PENSION PLAN, continued

At June 30, 2023, the City reported total deferred outflows of resources and total deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>							
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Component Unit</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 77,612	\$ (370,918)	\$ 3,767	\$ (12,216)	\$ 81,379	\$ (383,134)	\$ 696	\$ -
Changes of assumptions	806,516	(55,467)	30,901	-	837,417	(55,467)	4,637	-
Net difference between projected and actual earnings on pension plan investments	3,126,519	-	530,801	-	3,657,320	-	20,545	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,129,404	(153,007)	-	(148,670)	1,129,404	(301,677)	70,616	(99,591)
Employer contributions subsequent to the measurement date	1,924,640	-	484,157	-	2,408,797	-	36,527	-
Total	<u>\$ 7,064,691</u>	<u>\$ (579,392)</u>	<u>\$ 1,049,627</u>	<u>\$ (160,886)</u>	<u>\$8,114,318</u>	<u>\$ (740,278)</u>	<u>\$ 133,021</u>	<u>\$ (99,591)</u>

NOTE N: OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The City of Zachary (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Zachary's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees, and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided. Medical, dental, and life insurance benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees retirement eligibility (D.R.O.P. entry) provisions are as follows: attainment of Medical benefits are provided through a medical plan and are made available to employee upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of services; second, the Firefighters' Retirement System of Louisiana, and, third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police systems have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. For each system, employees hired on and after January 1, 2013 must meet the following retirement (D.R.O.P. entry requirements): age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE N: OTHER POST-EMPLOYMENT BENEFITS, continued

Life insurance coverage is provided to retirees and 90% of the blended rate (active and retired) for \$5,000 face amount is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 65.

Employees covered by benefit terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	53
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	153
Total	206

Total OPEB Liability

The City's total OPEB liability of \$18,538,885 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%			
Salary increases	From the pension plan valuations, as follows. These rates include the inflation assumption, above.			
	<u>Service</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
	1-2	6.40%	12.30%	14.41%
	3-4	6.40%	4.70%	5.19%
	5-14	4.50%	4.70%	5.19%
	15-24	4.50%	4.70%	4.69%
	25+	4.50%	4.70%	4.19%
Discount rate	3.54% annually (Beginning of Year to Determine ADC) 3.65% annually (As of End of Year Measurement Date)			
Healthcare cost trend rates	Getzen model			
Mortality	Pub-2010			

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2023, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2023.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE N: OTHER POST-EMPLOYMENT BENEFITS, continued

Changes in Total OPEB Liability

Balance at June 30, 2022	<u>\$ 17,476,162</u>
Changes for the year:	
Service cost	958,622
Interest	643,607
Differences between expected and actual experience	390,050
Changes of assumptions	(417,529)
Benefit payments and net transfers	(512,027)
Net changes	<u>1,062,723</u>
Balance at June 30, 2023	<u>\$ 18,538,885</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	2.54%	3.54%	4.54%
Total OPEB Liability	<u>\$ 21,844,518</u>	<u>\$ 18,538,885</u>	<u>\$ 15,910,508</u>

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

	1.0% Decrease	Current Healthcare Cost Trend Rate	1.0% Increase
	4.5%	5.5%	6.5%
Total OPEB Liability	<u>\$ 15,613,699</u>	<u>\$ 18,538,885</u>	<u>\$ 22,362,346</u>

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,462,495. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 569,211	\$ (646,292)
Assumption changes	1,282,952	(4,023,877)
Total	<u>\$ 1,852,163</u>	<u>\$ (4,670,169)</u>

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE N: OTHER POST-EMPLOYMENT BENEFITS, continued

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

<u>Year Ended June 30:</u>	
2024	\$ (139,734)
2025	(1,303,234)
2026	(1,363,263)
2027	(3,926)
2028	(3,926)
Thereafter	(3,923)

NOTE O: OPERATING TRANSFERS

Operating transfers in and out are listed by fund for the fiscal year ended June 30, 2023 as follows:

	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund:	\$ 7,611,194	\$ -
Debt Service Fund	685,000	7,611,194
Special Revenue Fund	-	685,000
Totals	<u>\$ 8,296,194</u>	<u>\$ 8,296,194</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. These transfers were eliminated in preparation of the Government-Wide Financial Statements.

NOTE P: RELATED PARTY TRANSACTIONS

The City of Zachary incurs expenditures on behalf of the City Court of Zachary. These expenditures include compensation to City Court personnel along with the related pension cost and employee benefits. During the year ended June 30, 2023, the City paid \$555,164 on behalf of City Court.

**NOTE Q: COMPONENT UNIT – DISTRICT INDIGENT DEFENDER FUND –
GOVERNMENTAL FUND REVENUES**

For the year ended June 30, 2023, the major sources of governmental fund revenues were as follows:

LOCAL GOVERNMENT

Statutory fines, forfeitures, fees, court costs, and other	<u>\$ 879,266</u>
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**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE R: LITIGATION, CLAIMS AND JUDGEMENTS

There are seven pending lawsuits in which the City of Zachary is currently involved. The City Attorney states that there is no significant liability on behalf of the City for these lawsuits. The estimated exposure ranges from \$0 to \$50,000 per suit for each lawsuits.

NOTE S: DEFICIT FUND BALANCE

The Sales Tax Fund had a deficit fund balance at June 30, 2023 of \$(8,461,367). This deficit will be eliminated by the transfer of funds from the General Fund to the Sales Tax Fund.

The component unit, City Court, had a deficit net position (\$63,975) due to adjustments made for GASB 68- Accounting and Financial reporting Related to Pensions.

NOTE T: COOPERATIVE ENDEAVOR AGREEMENTS

The City of Zachary entered into a cooperative endeavor agreement with the City of Baton Rouge/East Baton Rouge Parish on December 12, 2013. The City/Parish agreed to reimburse City of Zachary for the actual third-party cost of the roadway work from the Green Light Program payable in \$500,000 annual installments. Expiration of the agreement is December 31, 2030.

The City of Zachary entered into a cooperative endeavor agreement with the State of Louisiana Department of Transportation and Development on December 10, 2020. The State transferred ownership of portions of state route LA 1209 and LA 64 roads valued at \$8,982,422 to the City of Zachary. The agreement is in effect through 2023 or as funds are available.

NOTE U: ACCOUNTING PRONOUNCEMENTS NOT YET IMPLEMENTED

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements address the following:

GASB Statement No. 101. Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and for leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid or settled. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. This Statement is effective for fiscal years beginning after June 15, 2023, and the City will include the requirements, as applicable, in its June 30, 2024 financial statements.

GASB Statement No. 100. Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the reporting entity by reported by adjusting current period beginning balances, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. It also requires that quantitative effects on beginning balances be disclosed in a tabular format.

**CITY OF ZACHARY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE U: ACCOUNTING PRONOUNCEMENTS NOT YET IMPLEMENTED, continued

This Statement is effective for fiscal years beginning after June 15, 2023, and the City will include the requirements, as applicable, in its June 30, 2024 financial statements.

The City is currently evaluating the effects that these statements will have on its financial statements.

NOTE V: FEDERAL FUND—AMERICAN RESCUE PLAN ACT—CFDA #21.027

In October 2022, the City of Zachary received federal funds of \$3,324,647 from the Department of Treasury (American Rescue Plan Act). The City of Zachary also received federal monies from the East Baton Rouge ARPA Program in the amount of \$48,000. In the year ended June 30, 2023, a total of \$3,087,388 federal funds were spent. These funds were used for a gas meter project, pipeline safety, fire truck equipment, and premium pay.

NOTE W: RESTATEMENT NET POSITION, CHANGE IN ACCOUNTING PRINCIPLE

The implementation of GASB Statement No. 96, Subscription Based Information Technology had the following effect on the net position as reported June 30, 2023.

	Governmental Activities
Net position, June 30 2022	\$ 40,774,934
Restatement-GASB 96	16,216
Net Position, June 30, 2023	\$ 40,791,150

NOTE X: SUBSEQUENT EVENTS

These financial statements considered subsequent events through December 1, 2023, the date the financial statements were available to be issued. There were no events occurring after this date that are included in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ZACHARY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 12,445,000	\$ 12,511,400	\$ 12,844,068	\$ 332,668
License and permits	548,000	669,300	709,919	40,619
Intergovernmental	850,000	2,954,000	4,405,540	1,451,540
Charges for services	1,904,000	2,122,700	2,260,346	137,646
Commissions	1,550,000	1,800,000	1,899,248	99,248
Fines and forfeits	160,000	225,000	270,103	45,103
Proceeds from loan	-	-	-	-
Miscellaneous	1,049,000	1,144,600	1,100,092	(44,508)
TOTAL REVENUES	<u>18,506,000</u>	<u>21,427,000</u>	<u>23,489,316</u>	<u>2,062,316</u>
EXPENDITURES				
General Government	4,083,800	5,216,900	4,870,399	346,501
Court	643,500	559,000	555,164	3,836
Public Safety -				
Police	5,643,500	6,557,100	6,940,574	(383,474)
Fire	5,264,900	5,640,500	5,805,159	(164,659)
Streets	1,109,300	1,570,000	1,516,528	53,472
Sanitation	1,841,000	1,900,000	1,946,062	(46,062)
Debt Service:				
Principal payment	-	-	386,576	(386,576)
Interest payment	-	-	52,026	(52,026)
TOTAL EXPENDITURES	<u>18,586,000</u>	<u>21,443,500</u>	<u>22,072,488</u>	<u>(628,988)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(80,000)	(16,500)	1,416,828	1,433,328
OTHER FINANCING SOURCES (USES)				
Lease inception	-	-	750,126	750,126
Transfer from debt service	-	-	7,611,194	7,611,194
Transfer from city court	80,000	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>80,000</u>	<u>-</u>	<u>8,361,320</u>	<u>8,361,320</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(16,500)	9,778,148	9,794,648
FUND BALANCES - BEGINNING	<u>13,324,073</u>	<u>13,324,073</u>	<u>13,324,073</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 13,324,073</u>	<u>\$ 13,307,573</u>	<u>\$ 23,102,221</u>	<u>\$ 9,794,648</u>

CITY OF ZACHARY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUND
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Intergovernmental income	\$ 500,000	\$ 500,000	\$ 4,500,000	\$ 4,000,000
Miscellaneous	-	3,000	6,613	3,613
TOTAL REVENUES	<u>500,000</u>	<u>503,000</u>	<u>4,506,613</u>	<u>4,003,613</u>
EXPENDITURES				
Sales tax collection fee	-	-	-	-
Interest expense	-	-	-	-
Operating expense - supplies	340,000	340,000	5,103	334,897
Capital outlay - streets	3,000,000	4,100,000	3,416,297	683,703
TOTAL EXPENDITURES	<u>3,340,000</u>	<u>4,440,000</u>	<u>3,421,400</u>	<u>1,018,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,840,000)	(3,937,000)	1,085,213	5,022,213
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	-	-
Transfers from (to) other funds	-	-	(685,000)	(685,000)
OTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(685,000)</u>	<u>(685,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,840,000)	(3,937,000)	400,213	4,337,213
FUND BALANCES - BEGINNING	<u>(8,861,580)</u>	<u>(8,861,580)</u>	<u>(8,861,580)</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (11,701,580)</u>	<u>\$ (12,798,580)</u>	<u>\$ (8,461,367)</u>	<u>\$ 4,337,213</u>

CITY OF ZACHARY, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Public Street Bonds
REVENUES	
Taxes - sales tax	\$ 4,619,774
TOTAL REVENUES	4,619,774
EXPENDITURES	
Principal	685,000
Interest expense	154,425
Collection fee and other	23,891
TOTAL EXPENDITURES	863,316
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,756,458
OTHER FINANCING SOURCES (USES)	
Transfers from (to) other funds	685,000
	685,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	4,441,458
FUND BALANCES - BEGINNING	15,056,329
FUND BALANCES - ENDING	\$ 19,497,787

CITY OF ZACHARY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	2022
	Bonds
REVENUES	
Taxes - sales tax	\$ -
TOTAL REVENUES	-
EXPENDITURES	
Principal	129,709
Interest expense	265,142
Collection fee and other	-
TOTAL EXPENDITURES	394,851
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(394,851)
OTHER FINANCING SOURCES (USES)	
Issuance of debt	8,100,000
Bond issue costs	(93,955)
Transfers from (to) other funds	(7,611,194)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	394,851
FUND BALANCES - BEGINNING	-
FUND BALANCES - ENDING	\$ -

CITY OF ZACHARY, LOUISIANA
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED JUNE 30, 2023

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 383,638	\$ 414,299	\$ 446,371	\$ 591,127	\$ 544,801	\$ 958,622
Interest	556,277	586,409	592,425	526,830	490,217	643,607
Changes of benefit terms						
Differences between expected and actual experience	(127,899)	199,658	889,184	(306,429)	(768,502)	390,050
Changes of assumptions	(809,244)	1,040,510	4,928,315	(1,375,530)	(4,626,531)	(417,529)
Benefit payments	(322,470)	(454,631)	(479,635)	(556,067)	(586,651)	(512,027)
Net change in total OPEB liability	(319,698)	1,786,245	6,376,660	(1,120,069)	(4,946,666)	1,062,723
Total OPEB liability - beginning	15,699,690	15,379,992	17,166,237	23,542,897	22,422,828	17,476,162
Total OPEB liability - ending (a)	\$ 15,379,992	\$ 17,166,237	\$ 23,542,897	\$ 22,422,828	\$ 17,476,162	\$ 18,538,885
Covered-employee payroll	\$ 5,022,934	\$ 5,405,054	\$ 5,621,256	\$ 5,831,680	\$ 6,006,630	\$ 6,560,437
Net OPEB liability as a percentage of covered-employee payroll	306.20%	317.60%	418.82%	384.50%	290.95%	282.59%

Notes to Schedule:

Benefit Changes:

Changes of Assumptions:

Discount Rate:

Mortality:

Trend:

None	None	None	None	None	None	None
3.87%	3.50%	2.21%	2.16%	3.54%	3.65%	3.65%
RP-2000	RP-2000	RP-2000	RP-2014	RP-2014	RP-2010	RP-2010
5.5%	5.5%	5.5%	Variable	Variable	Variable	Getzen Model

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

CITY OF ZACHARY, LOUISIANA
 SCHEDULE OF CITY OF ZACHARY, LOUISIANA'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2023

Retirement System	Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System - Primary Government Total	2023	1.2591%	\$ 5,229,474	\$ 2,418,233	218.2519%	67.67%
	2022	1.2896%	\$ 3,587,181	\$ 2,553,713	140.4684%	77.82%
	2021	1.4035%	\$ 6,087,814	\$ 2,682,496	226.2003%	64.52%
	2020	1.3776%	\$ 5,756,649	\$ 2,550,260	226.7279%	64.68%
	2019	1.3353%	\$ 5,528,964	\$ 2,437,841	226.7978%	63.90%
	2018	1.2451%	\$ 6,208,857	\$ 2,246,583	231.8600%	62.49%
	2017	1.2331%	\$ 5,054,247	\$ 2,160,019	233.9909%	62.11%
	2016	1.2423%	\$ 4,437,759	\$ 2,120,342	209.2945%	68.20%
	2015	1.2238%	\$ 3,140,791	\$ 2,048,377	153.3307%	73.98%
Municipal Police Employees' Retirement System	2023	0.7296%	\$ 7,457,306	\$ 2,252,692	331.0398%	70.80%
	2022	0.7082%	\$ 3,784,512	\$ 2,102,066	179.0883%	64.09%
	2021	0.7163%	\$ 6,611,436	\$ 2,205,791	299.7308%	70.94%
	2020	0.6911%	\$ 6,276,463	\$ 2,153,493	291.4650%	71.01%
	2019	0.7220%	\$ 6,104,077	\$ 2,088,770	290.8407%	71.89%
	2018	0.7011%	\$ 6,120,804	\$ 2,091,846	292.6030%	70.09%
	2017	0.7366%	\$ 6,903,602	\$ 1,848,252	373.5314%	68.04%
	2016	0.7759%	\$ 6,078,091	\$ 2,075,384	292.8659%	70.70%
	2015	0.8167%	\$ 5,109,617	\$ 2,048,477	249.4349%	75.10%
Firefighters' Retirement System	2023	0.9096%	\$ 6,416,146	\$ 2,334,469	274.8439%	74.68%
	2022	0.8247%	\$ 2,922,647	\$ 2,086,628	141.2843%	86.78%
	2021	0.7744%	\$ 5,367,799	\$ 1,910,305	280.9917%	72.61%
	2020	0.7142%	\$ 4,472,187	\$ 1,703,819	262.4802%	73.96%
	2019	0.6807%	\$ 3,916,186	\$ 1,610,824	243.0549%	74.76%
	2018	0.6379%	\$ 3,656,220	\$ 1,489,360	245.4893%	73.55%
	2017	0.6221%	\$ 4,069,297	\$ 1,402,765	290.0911%	68.16%
	2016	0.6028%	\$ 3,253,459	\$ 1,281,096	253.9590%	72.45%
	2015	0.6682%	\$ 2,528,496	\$ 1,138,647	222.0810%	76.02%
Louisiana State Employees' Retirement System - Primary Government	2023	0.0005%	\$ 35,002	\$ 8,882	394.0779%	63.70%
	2022	0.0005%	\$ 26,693	\$ 8,882	288.1446%	72.80%
	2021	0.0005%	\$ 37,136	\$ 8,882	418.0928%	58.00%
	2020	0.0004%	\$ 31,081	\$ 8,882	349.9324%	62.90%
	2019	0.0005%	\$ 30,563	\$ 8,882	343.9978%	64.30%
	2018	0.0005%	\$ 32,731	\$ 8,825	370.8895%	62.50%
	2017	0.0005%	\$ 39,341	\$ 8,882	442.8295%	57.70%
	2016	0.0005%	\$ 32,579	\$ 8,882	366.7980%	62.70%
	2015	0.0005%	\$ 30,889	\$ 8,882	347.7708%	65.00%
Louisiana State Employees' Retirement System - Zachary City Court - Component Unit	2023	0.0034%	\$ 256,068	\$ 61,778	412.8751%	63.70%
	2022	0.0039%	\$ 218,838	\$ 75,965	288.0774%	72.80%
	2021	0.0040%	\$ 330,579	\$ 85,928	384.7163%	58.00%
	2020	0.0042%	\$ 307,474	\$ 81,029	379.4817%	62.90%
	2019	0.0046%	\$ 313,171	\$ 81,628	382.7186%	64.30%
	2018	0.0039%	\$ 271,899	\$ 68,023	399.4223%	62.50%
	2017	0.0033%	\$ 259,370	\$ 78,181	331.7568%	57.70%
	2016	0.0040%	\$ 274,169	\$ 80,914	338.8400%	62.70%
	2015	0.0037%	\$ 241,299	\$ 73,719	327.3227%	65.00%

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

CITY OF ZACHARY, LOUISIANA
 SCHEDULE OF CITY OF ZACHARY, LOUISIANA'S CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT O

Retirement System	Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Municipal Employees' Retirement System - Primary Government Total	2023	\$ 793,700	\$ 793,700	\$ -	\$ 2,680,509	29.5000%
	2022	\$ 713,379	\$ 713,379	\$ -	\$ 2,418,233	29.5000%
	2021	\$ 753,345	\$ 753,345	\$ -	\$ 2,553,713	29.5000%
	2020	\$ 744,392	\$ 744,392	\$ -	\$ 2,682,496	27.7500%
	2019	\$ 663,067	\$ 663,067	\$ -	\$ 2,550,280	26.0000%
	2018	\$ 603,366	\$ 603,366	\$ -	\$ 2,437,841	24.7500%
	2017	\$ 511,093	\$ 511,093	\$ -	\$ 2,246,883	22.7500%
	2016	\$ 425,782	\$ 425,782	\$ -	\$ 2,160,019	19.7120%
	2015	\$ 418,766	\$ 418,766	\$ -	\$ 2,120,342	19.7499%
	Municipal Police Employees' Retirement System	2023	\$ 774,454	\$ 774,454	\$ -	\$ 2,475,718
2022		\$ 669,125	\$ 669,125	\$ -	\$ 2,252,692	29.7034%
2021		\$ 709,447	\$ 709,447	\$ -	\$ 2,102,066	33.7500%
2020		\$ 719,626	\$ 719,626	\$ -	\$ 2,205,791	32.6244%
2019		\$ 694,502	\$ 694,502	\$ -	\$ 2,153,493	32.2500%
2018		\$ 648,078	\$ 648,078	\$ -	\$ 2,098,770	30.8789%
2017		\$ 664,519	\$ 664,519	\$ -	\$ 2,091,846	31.7671%
2016		\$ 610,522	\$ 610,522	\$ -	\$ 1,848,252	33.0324%
2015		\$ 653,745	\$ 653,745	\$ -	\$ 2,075,384	31.5000%
Firefighters' Retirement System		2023	\$ 836,554	\$ 836,554	\$ -	\$ 2,523,292
	2022	\$ 791,506	\$ 791,506	\$ -	\$ 2,334,469	33.9052%
	2021	\$ 667,133	\$ 667,133	\$ -	\$ 2,068,626	32.2500%
	2020	\$ 536,778	\$ 536,778	\$ -	\$ 1,910,305	28.0991%
	2019	\$ 453,542	\$ 453,542	\$ -	\$ 1,703,819	26.6191%
	2018	\$ 428,919	\$ 428,919	\$ -	\$ 1,610,824	26.6273%
	2017	\$ 376,064	\$ 376,064	\$ -	\$ 1,489,360	25.2500%
	2016	\$ 382,254	\$ 382,254	\$ -	\$ 1,402,765	27.2500%
	2015	\$ 374,721	\$ 374,721	\$ -	\$ 1,261,096	29.2500%
	Louisiana State Employees' Retirement System - Primary Government	2023	\$ 4,089	\$ 4,089	\$ -	\$ 9,228
2022		\$ 3,882	\$ 3,882	\$ -	\$ 8,882	43.7064%
2021		\$ 3,775	\$ 3,775	\$ -	\$ 8,882	42.5017%
2020		\$ 3,766	\$ 3,766	\$ -	\$ 8,882	42.4004%
2019		\$ 3,562	\$ 3,562	\$ -	\$ 8,882	40.1036%
2018		\$ 3,561	\$ 3,561	\$ -	\$ 8,882	40.0923%
2017		\$ 3,353	\$ 3,353	\$ -	\$ 8,826	37.8943%
2016		\$ 3,364	\$ 3,364	\$ -	\$ 8,882	38.0995%
2015		\$ 3,686	\$ 3,686	\$ -	\$ 8,882	41.4987%
Louisiana State Employees' Retirement System - Zachary City Court - Component Unit		2023	\$ 36,527	\$ 36,527	\$ -	\$ 82,529
	2022	\$ 26,997	\$ 26,997	\$ -	\$ 61,778	43.7000%
	2021	\$ 32,285	\$ 32,285	\$ -	\$ 76,955	42.4998%
	2020	\$ 36,433	\$ 36,433	\$ -	\$ 85,928	42.3995%
	2019	\$ 32,493	\$ 32,493	\$ -	\$ 81,029	40.1005%
	2018	\$ 32,813	\$ 32,813	\$ -	\$ 81,828	40.1000%
	2017	\$ 25,849	\$ 25,849	\$ -	\$ 68,023	38.0004%
	2016	\$ 29,999	\$ 29,999	\$ -	\$ 78,181	38.3712%
	2015	\$ 33,368	\$ 33,368	\$ -	\$ 80,914	41.2389%

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

SUPPLEMENTARY INFORMATION

NON-MAJOR DEBT SERVICE FUNDS

CITY OF ZACHARY, LOUISIANA
 BALANCE SHEET
 DEBT SERVICE FUND- NON MAJOR FUND
 JUNE 30, 2023

	Hotel Tax
ASSETS	
Cash and cash equivalents	\$ 749,891
Sales tax receivable	42,237
Other receivables	-
Prepaid expenses	-
Due from other funds	1,005,354
	1,005,354
TOTAL ASSETS	\$ 1,797,482
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ -
Other payables	-
	-
Total liabilities	-
Fund balance:	
Nonspendable	-
Restricted	1,797,482
Committed	-
Assigned	-
Total fund balance	1,797,482
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,797,482

SCHEDULE 2

CITY OF ZACHARY, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 DEBT SERVICE FUND- NON MAJOR FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Hotel Tax</u>
REVENUES	
Taxes - sales tax	\$ 242,791
Other income	<u>883</u>
TOTAL REVENUES	<u>243,674</u>
EXPENDITURES	
Principal	100,000
Interest expense	18,744
Collection fee and other	<u>1,969</u>
TOTAL EXPENDITURES	<u>120,713</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	122,961
FUND BALANCES - BEGINNING	<u>1,674,521</u>
FUND BALANCES - ENDING	<u><u>\$ 1,797,482</u></u>

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Taxes:			
Ad valorem - industry	\$ 104,400	\$ 104,467	\$ 67
Ad valorem - other	1,028,000	1,027,099	(901)
Hotel tax	220,000	144,196	(75,804)
Beer tax	15,800	15,872	72
Sales tax	11,143,200	11,552,434	409,234
			-
Total taxes	12,511,400	12,844,068	332,668
Licenses and permits:			
Occupational licenses	393,300	432,250	38,950
Building permits	156,000	156,219	219
Electrical contractor license	11,900	11,900	-
Electrical permits	24,000	24,089	89
Other contractor license	15,400	15,400	-
Other permits	68,700	70,061	1,361
Total licenses and permits	669,300	709,919	40,619
Intergovernmental:			
911 operations		-	-
City - parish street maintenance	120,000	123,190	3,190
Grant- fire	100,000	106,671	6,671
Grant - other	1,942,700	3,526,383	1,583,683
Transportation fund	7,000	7,410	410
Fire District #1	630,000	631,469	1,469
Grant - police department	10,100	10,417	317
Visit Baton Rouge	144,200	-	(144,200)
Total intergovernmental	2,954,000	4,405,540	1,451,540
Charges for services:			
Park revenue	80,000	93,552	13,552
Inspection fees	10,000	15,672	5,672
Public works fees	-	109,366	109,366
Refuse collection charges	2,018,700	2,025,545	6,845
Refuse billing fees	14,000	16,211	2,211
Total charges for services	2,122,700	2,260,346	137,646
Commissions:			
Cable franchise fee	212,800	212,886	86
Sale of electricity	1,200,000	1,242,212	42,212
Sale of insurance	387,200	444,150	56,950
Total commissions	1,800,000	1,899,248	99,248
Fines and forfeits	225,000	270,103	45,103

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Miscellaneous:			
Interest income	22,000	34,857	12,857
Marshal's fund	65,000	69,700	4,700
Sale of equipment	90,600	90,623	23
Park revenue	114,900	114,894	(6)
Fire	1,000	978	(22)
Police	370,000	382,158	12,158
All other	481,100	406,882	(74,218)
Total miscellaneous	1,144,600	1,100,092	(44,508)
GENERAL GOVERNMENT:			
Finance:			
Salaries - administrative	659,150	646,723	12,427
Sales tax collection fee	93,900	71,359	22,541
Office expense	17,500	16,671	829
Electricity	15,700	15,638	62
Supplies and maintenance	49,000	49,677	(677)
Insurance	406,600	410,764	(4,164)
Payroll taxes:			
- Medicare	9,500	9,422	78
- F.I.C.A. and unemployment tax	3,000	3,011	(11)
Worker's compensation insurance	300	369	(69)
Election expense	9,200	9,097	103
New hire test	7,000	7,032	(32)
Telephone	13,000	13,207	(207)
Uniforms	1,000		1,000
Contract services	40,000	27,487	12,513
Computer expense	256,000	250,641	5,359
Phone allowance	1,500	1,440	60
Assessment roll fee	7,500	7,405	95
Official journal	27,000	22,174	4,826
Dues, donations, and subscriptions	12,000	11,991	9
Miscellaneous	15,250	13,474	1,776
Travel	4,000	4,248	(248)
Schools and seminars	6,500	3,647	2,853
Interest expense	265,200	-	265,200
Retirement	135,400	137,667	(2,267)
Drug testing	17,000	9,859	7,141
Audit	25,000	24,375	625
Legal fees	90,000	81,114	8,886
Insurance consultant	5,800	5,800	-
Bank fees	6,000	6,038	(38)
Health insurance	39,400	40,613	(1,213)
Total	2,238,400	1,900,943	337,457

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Beautification:			
Salary	127,600	127,490	110
FICA and medicare	1,900	1,788	112
Health insurance	25,500	25,501	(1)
Worker's compensation insurance	500	395	105
Contract services	109,200	115,920	(6,720)
Miscellaneous	1,200	1,834	(634)
Vehicle expense	-	-	-
Capital outlay	83,000	74,098	8,902
Equipment maintenance	1,000	1,595	(595)
Beautification retirement	21,100	21,019	81
Beautification supplies	7,500	8,604	(1,104)
Total	378,500	378,244	256
Public Relations:			
Wages	900	879	21
Animal control fees	77,500	77,460	40
Mayor's prayer breakfast	6,400	6,370	30
Economic development	70,300	51,702	18,598
Open House	39,400	33,661	5,739
Senior citizen center	-	54,886	(54,886)
Public Relations expense	60,000	-	60,000
Food pantry	9,700	9,651	49
Total	264,200	234,609	29,591
Mayor:			
Mayor's salary	96,600	96,636	(36)
Employee salary	17,100	17,047	53
Wages regular	-	-	-
FICA and medicare	1,400	1,553	(153)
Telephone	3,900	3,855	45
Vehicle expenses	11,700	8,439	3,261
Vehicle maintenance	300	230	70
Miscellaneous	4,400	4,369	31
Retirement	33,100	33,500	(400)
LMA convention	100	108	(8)
Travel	600	278	322
Health insurance	22,500	22,602	(102)
Worker's compensation insurance	200	193	7
Total	191,900	188,810	3,090
Commissions and Boards:			
Salaries	134,000	134,257	(257)
FICA and medicare	2,800	2,857	(57)
Worker's compensation insurance	300	379	(79)
Retirement	34,400	34,418	(18)

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Health insurance	17,400	17,494	(94)
Legal	4,000	3,255	745
Supplies	4,400	4,185	215
Training	500	468	32
Miscellaneous	11,600	11,227	373
Contract services	160,000	161,186	(1,186)
Total	369,400	369,726	(326)
Council:			
Salary	20,200	20,131	69
Miscellaneous	2,100	1,794	306
Council's salary	55,000	54,990	10
FICA and medicare	6,400	5,721	679
Travel	500	419	81
LMA convention	1,300	935	365
Health insurance	10,000	8,949	1,051
Worker's compensation insurance	300	57	243
Total	95,800	92,996	2,804
Recreation:			
General recreation expenses	50,100	61,855	(11,755)
Office supplies	3,800	3,770	30
Salaries	234,200	239,485	(5,285)
FICA and medicare	4,700	4,630	70
Health insurance	35,000	36,171	(1,171)
Worker's compensation insurance	800	731	69
Computer expense	-	-	-
Vehicle repairs and maintenance	10,000	9,101	899
Building maintenance	20,000	25,914	(5,914)
Retirement	55,500	55,435	65
Telephone	4,600	4,462	138
Utilities	21,200	21,126	74
Capital outlays	810,000	819,593	(9,593)
Ground maintenance and building maintenance	44,700	45,650	(950)
Contract services	4,700	4,700	-
Supplies	16,000	15,928	72
Phone allowance	600	560	40
Miscellaneous	5,300	5,221	79
Total	1,321,200	1,354,332	(33,132)
Inspection:			
Office	4,300	4,139	161
Salary	162,600	163,690	(1,090)
FICA and medicare	3,200	3,179	21
Retirement	44,600	44,079	521
Health insurance	45,900	44,984	916

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Worker's compensation insurance	400	323	77
Vehicle fuel	1,600	1,461	139
Vehicle maintenance	-	-	-
Telephone	3,100	3,022	78
Training/seminar	1,700	1,356	344
Travel	1,900	1,784	116
Building repairs	8,000	5,936	2,064
Miscellaneous	2,500	2,160	340
Total	279,800	276,113	3,687
Historical village:			
Salary	35,100	35,062	38
FICA and medicare	2,600	2,682	(82)
Worker's compensation insurance	100	29	71
Utilities	11,100	11,059	41
Miscellaneous	1,100	295	805
Repairs and maintenance	3,000	2,751	249
Telephone	1,400	1,389	11
Other Contractual services	12,000	10000	2,000
Capital outlay	11,000	11063	(63)
Office	300	296	4
Total	77,700	74,626	3,074
Total General Government	5,216,900	4,870,399	346,501
COURT:			
Clerk of Court:			
Court salaries	233,400	232,519	881
FICA and medicare	5,200	5,124	76
Worker's compensation insurance	100	45	55
Court retirement	55,900	54,935	965
Health insurance	35,500	34,672	828
Miscellaneous	13,100	14,075	(975)
Total	343,200	341,370	1,830
Judge:			
Judge's salary	9,200	9,223	(23)
Medicare	100	91	9
Worker's compensation insurance	100	10	90
Retirement	4,100	4,089	11
Health Insurance	12,000	11,753	247
Total	25,500	25,166	334

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Probation:			
Salary	15,700	15,730	(30)
FICA and medicare	200	224	(24)
Worker's compensation insurance	-	9	(9)
Health insurance	5,000	4,981	19
Total	20,900	20,944	(44)
Prosecutor:			
Prosecutor salary	125,300	124,569	731
FICA and medicare	8,000	7,965	35
Worker's compensation insurance	100	30	70
Health insurance	4,500	4,475	25
Retirement	-	-	-
Office supplies	2,000	1,863	137
Miscellaneous	500	415	85
Total	140,400	139,317	1,083
Marshall:			
Salary	25,000	25,295	(295)
FICA and medicare	1,900	1,935	(35)
Miscellaneous	2,000	1,021	979
Worker's compensation insurance	100	116	(16)
Total	29,000	28,367	633
Total Court	559,000	555,164	3,836
PUBLIC SAFETY - POLICE:			
Salaries - police officers	2,935,300	2,927,317	7,983
Office expense	12,000	12,833	(833)
Chief's expense	2,600	2,644	(44)
Electricity	13,500	16,043	(2,543)
Vehicle expense	552,000	235,987	316,013
Supplies and maintenance	112,300	164,893	(52,593)
Uniforms	45,000	52,886	(7,886)
Telephone	96,600	110,876	(14,276)
Clothing allowance	4,500	4,500	-
Reserve deputies	2,100	1,490	610
Miscellaneous	27,800	31,163	(3,363)
New hire test	2,600	2,577	23
FICA and medicare	55,000	54,971	29
Retirement	761,000	766,297	(5,297)
Health insurance	551,700	556,053	(4,353)
Worker's compensation insurance	5,300	5,280	20
Contracts and services	19,700	12,520	7,180
Dues and subscriptions	4,500	4,506	(6)
Computer expense	223,200	114,645	108,555

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Travel and seminar	50,400	50,441	(41)
Professional services legal	80,000	77,265	2,735
Capital outlays	1,000,000	1,735,387	(735,387)
Total public safety - police	6,557,100	6,940,574	(383,474)
PUBLIC SAFETY - FIRE:			
Salaries	2,971,600	2,977,536	(5,936)
Building repairs	120,000	120,292	(292)
Office expense	10,000	9,429	571
Electricity	38,200	38,118	82
Vehicle expense	226,700	211,945	14,755
Supplies and maintenance	40,000	37,054	2,946
Dues and subscriptions	1,000	804	196
Uniforms	35,000	33,720	1,280
Protective gear	35,000	29,071	5,929
Telephone	11,700	11,664	36
Phone allowance	2,700	2,680	20
Miscellaneous	10,600	8,967	1,633
Retirement	839,500	840,190	(690)
Health insurance	464,300	478,135	(13,835)
Volunteer fireman	14,800	4,082	10,518
Computer expense	20,000	14,656	5,344
Contracts and services	16,500	15,704	796
Professional services legal	5,000		5,000
Training	23,000	17,279	5,721
Physicals	25,000	21,285	3,715
Repairs - fire hydrants	163,000	171,575	(8,575)
FICA and medicare	50,100	50,083	17
Worker's compensation insurance	9,000	9,000	-
Capital outlay	500,000	696,108	(196,108)
Fire prevention	8,000	5,782	2,218
Total public safety - fire	5,640,500	5,805,159	(164,659)
STREETS:			
Salaries	346,700	338,681	8,019
Office expense	2,700	2,649	51
Electricity	224,400	230,627	(6,227)
Vehicle expense	55,800	39,033	16,767
Supplies and maintenance	256,700	595,022	(338,322)
D.C.I. Expense	52,500	52,204	296
Grass cutting contract	17,000	17,000	-
Telephone	5,600	5,515	85
FICA and medicare	6,400	6,286	114

CITY OF ZACHARY, LOUISIANA
 SCHEDULE OF REVENUES AND EXPENDITURES
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE 3

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Miscellaneous	5,800	5,777	23
Training/Seminars	-	-	-
Retirement	75,800	76,732	(932)
Health insurance	54,300	54,264	36
Worker's compensation insurance	1,800	1,736	64
Contracts and services	63,500	62,299	1,201
Capital outlay	401,000	28,703	372,297
Total streets	1,570,000	1,516,528	53,472
Sanitation:			
Landfill charges	30,000	22,711	7,289
Contracts and services	1,870,000	1,923,351	(53,351)
Total sanitation	1,900,000	1,946,062	(46,062)
Total General Fund	\$ 21,443,500	\$ 21,633,886	\$ (190,386)

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Actual</u>
Water department:	
Salaries	\$ 181,273
FICA and Medicare	2,585
Worker's compensation insurance	559
Electricity	186,524
Equipment maintenance	35,121
Vehicle maintenance	1,459
Vehicle fuel	24,129
Repairs and maintenance	371,861
Telephone	10,730
Retirement	31,261
Uniforms	2,835
Health insurance	44,143
Schools, seminars, and travel	4,985
Water tower maintenance	49,410
Miscellaneous	4,114
Contracts/services	764,075
Total water department	<u>1,715,064</u>
Gas department:	
Salaries	\$ 181,152
FICA and Medicare	2,582
Worker's compensation insurance	559
Electricity	6,482
Vehicle fuel	24,129
Vehicle equipment maintenance	-
Equipment maintenance	25,764
Repairs and maintenance	189,747
Purchase of gas	1,463,851
Telephone	10,169
Miscellaneous	1,784
Retirement	31,240
Uniforms	3,228
Health insurance	44,136
Schools and seminars	14,225
Contracts/services	233,593
Total gas department	<u>2,232,641</u>
Sewer department:	
Salaries	\$ 181,466
FICA and Medicare	2,587
Worker's compensation insurance	563
Electricity	59,052
Equipment maintenance	34,168

SCHEDULE 4

CITY OF ZACHARY, LOUISIANA
 SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
 ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Actual</u>
Vehicle maintenance	1,558
Vehicle fuel	24,129
Repairs and maintenance	258,880
Telephone	10,312
Uniforms	3,614
Miscellaneous	1,438
Retirement	31,296
Health insurance	42,651
Contracts/services	756,569
Schools and seminars	8,095
Total sewer department	<u>1,416,378</u>
Meters:	
Salaries	\$ 30,871
FICA and Medicare	413
Worker's compensation insurance	109
Equipment maintenance	7,743
Vehicle equipment maintenance	518
Vehicle fuel	11,435
Repairs and maintenance building	35
Supplies	1,489
Telephone	-
Miscellaneous	2,284
Retirement	5,624
Uniforms	-
Health insurance	8,039
Contracts/services	182,159
Total meter department	<u>250,719</u>
Warehouse	
Salaries	\$ 203,441
FICA and Medicare	3,247
Worker's compensation insurance	528
Electricity	10,565
Building maintenance	23,791
Equipment maintenance	463
Vehicle fuel	-
Travel and seminars	3,154
Uniforms	898
Supplies	3,946
Telephone	4,320
Miscellaneous	57
Retirement	36,915
Health insurance	<u>23,201</u>

**CITY OF ZACHARY, LOUISIANA
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Actual
Total warehouse	314,526
Cashiers/Billing:	
Salaries	\$ 207,555
FICA and Medicare	2,897
Worker's compensation insurance	59
Office supplies	1,307
Schools and seminars	152
Uniforms	1,066
Miscellaneous	2,684
Retirement	31,756
Health insurance	19,896
Total cashier/billing	267,372
General and administrative:	
Salaries	\$ 307,783
FICA and Medicare	4,631
Worker's compensation insurance	221
Insurance	244,060
Retirement	54,728
Printing	99,562
Supplies	9,256
Bank fees	11,235
Computer expense	43,641
Professional services	75,913
Maintenance and services	138,004
Building maintenance	17,879
Vehicle lease	32,246
Bad debt	9,634
Miscellaneous	2,565
Total general and administrative	1,051,358
Depreciation and amortization	\$ 2,453,392
Total operating expenses (page 20)	9,701,450
Reconciliation to page 15:	
Interest expense	136,912
Grand total expenses	\$ 9,838,362

**COMPONENT UNIT –
CITY COURT**

**CITY OF ZACHARY, LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION - COMPONENT UNIT
CITY COURT
JUNE 30, 2023**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 157,661	\$ -	\$ 157,661
Capital assets, net of accumulated depreciation of \$388,376	-	-	-
Total Assets	<u>157,661</u>	<u>-</u>	<u>157,661</u>
<u>DEFERRED OUTFLOWS</u>	<u>-</u>	<u>133,021</u>	<u>133,021</u>
<u>LIABILITIES</u>	<u>-</u>	<u>255,066</u>	<u>255,066</u>
<u>DEFERRED INFLOWS</u>	<u>-</u>	<u>99,591</u>	<u>99,591</u>
<u>FUND BALANCE</u>			
Unassigned	<u>157,661</u>	<u>157,661</u>	<u>-</u>
Total Fund Balance	<u><u>157,661</u></u>	<u><u>157,661</u></u>	<u><u>-</u></u>
<u>NET POSITION</u>			
Net invested in capital assets	-	-	-
Unrestricted	-	-	(63,975)
Total Net Position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (63,975)</u></u>

CITY OF ZACHARY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES - COMPONENT UNIT
CITY COURT
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<u>EXPENDITURES/EXPENSES</u>			
Judiciary:			
Personal services and benefits	\$ 222,933	\$ (22,671)	\$ 200,262
Travel and professional development	7,174		7,174
Operating services	198,205		198,205
Supplies	60,140		60,140
Intergovernmental (to City of Zachary)	338,528		338,528
Capital outlay	-		-
Depreciation	-	1,842	1,842
Total Expenditures/Expenses	<u>826,980</u>	<u>(20,829)</u>	<u>806,151</u>
<u>PROGRAMS REVENUES AND COLLECTIONS</u>			
Criminal Fees	<u>879,266</u>	-	<u>879,266</u>
Total Program Revenues	<u>879,266</u>	-	<u>879,266</u>
Net Program Costs		<u>20,829</u>	<u>73,115</u>
<u>GENERAL REVENUES</u>			
Investment earnings	-	-	-
<u>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</u>			
	52,286	20,829	73,115
Transfers to General Fund	-	-	-
<u>FUND BALANCE/NET POSITION:</u>			
Beginning of the Year	<u>105,375</u>	<u>(242,465)</u>	<u>(137,090)</u>
End of the Year	<u>\$ 157,661</u>	<u>\$ (221,636)</u>	<u>\$ (63,975)</u>

**CITY OF ZACHARY, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEADS
 FOR THE YEAR ENDED JUNE 30, 2023**

AGENCY HEAD: David Amrhein, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary (7-1-22 thru 12-31-22)	\$ 53,325
Benefits - insurance	6,269
Benefits - retirement	15,731
Travel/meals	28
Fuel	748
Vehicle Maintenance	5,719
Phone Allowance	413
Total	\$ 82,233

AGENCY HEAD: David McDavid, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary(1-1-23 thru 6-30-23)	\$ 42,801
Benefits - insurance	6,332
Benefits - retirement	12,745
Travel/Training	308
Fuel	927
Vehicle Maintenance	1,033
Phone Allowance	295
Total	\$ 64,441

AGENCY HEAD: David McDavid, Chief of Police

<u>Purpose</u>	<u>Amount</u>
Salary(7-1-22 thru 12-31-22)	\$ 49,989
Benefits - insurance	6,293
Benefits - retirement	16,746
Travel/Training	553
Fuel	1,309
Phone Allowance	170
Total	\$ 75,060

AGENCY HEAD: Darryl Lawrence , Chief of Police

<u>Purpose</u>	<u>Amount</u>
Salary (1-1-23 thru 6-30-23)	\$ 32,308
Benefits - insurance	3,592
Benefits - retirement	11,127
Travel/Training	1,269
Fuel	1,180
Chief Expense	295
Phone Allowance	282
Total	\$ 50,053

**CITY OF ZACHARY, LOUISIANA
SCHEDULE OF COMPENSATION OF BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2023**

		Gross Compensation during the year ended 6/30/23
<u>Council Members (Term):</u>		
John Leblanc	\$	11,065
Francis Nezanaya		6,471
Laura O'Brien		6,471
Lael Montgomery		6,327
Bruce Thornton		5,892
Jennifer Boyd		4,691
James Graves		4,691
Brandy Westmoreland		4,691
Amber Dunavant-Devirgilio		4,691
		<hr/>
	\$	54,990
		<hr/> <hr/>

CITY OF ZACHARY, LOUISIANA
 JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING ENTITY
 AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION
 FOR THE YEAR ENDED JUNE 30, 2023

Cash Basis Presentation	First Six Month Period Ended 12/31/22	Second Six Month Period Ended 06/30/23
Beginning Balance of Amounts Collected (i.e. cash on hand)	110,830	169,253
Add: Collections (Please enter zeros if no activity within a certain collection type)		
Civil Fees (including refundable amounts such as garnishments or advance deposits)		
Bond Fees	96,098	86,241
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	191,049	317,065
Criminal Fines - Other	9,595	22,532
Restitution	50	120
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	296,792	425,958
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one		
Ascension Parish Sheriff, Civil Fees	194	82
Baton Rouge City Constable, Civil Fees	30	60
East Baton Rouge Sheriff, Civil Fees	7,388	9,727
East Feliciana Sheriff, Civil Fees	864	839
Iberville Parish Sheriff's Office, Civil Fees	-	5
Jefferson, Civil Fees	30	60
Lafayette Parish Sheriff, Civil Fees	-	64
Livingston Parish, Civil Fees	241	267
Marshal, Civil Fees	1,800	2,687
Orleans Parish Sheriff, Civil Fees	-	60
Pointe Coupee, Civil Fees	236	441
St. Helena, Civil Fees	43	31
St. James, Civil Fees	43	112
St. John The Baptist, Civil Fees	35	41
St. Tammany, Civil Fees	36	116
Tangipahoa, Civil Fees	119	486
Terrebonne, Civil Fees	39	-
Washington Parish, Civil Fees	-	99
West Baton Rouge, Civil Fees	102	72
West Feliciana, Civil Fees	367	231
Act 654- Head Trauma, LDHH-THSCI	3,075	4,920
Act-440 Law Enforcement Training, Criminal	61	49
Indigent Defender Fund(Office of Public Defender), Criminal Fines and Fees	38,290	55,949
City Prosecutor (City of Zachary)	600	675
Zachary Police Department, Criminal Miscellaneous Fees	575	675
City of Zachary Fine, Criminal Fines	97,469	173,974
Art 887C.1 PEI Machine (Louisiana State Police), Criminal Fines and Fees	-	150
Art 887C- Zachary Police Department (City of Zachary) Criminal Fines and Fees	575	710
Art 887D- City of Zachary, Criminal Fines and Fees	8	143
Act 832- Drug Abuse Education (Louisiana Commission on Law Enforcement), Criminal	900	50
Act 440- City of Zachary (2%), Criminal Fines and Fees	1	1
Act 405 Judicial College Fund (Louisiana Supreme Court), Criminal Fines and Fees	415	601
Less: Amounts Retained by Collecting Agency		

**SCHEDULE 9
CONTINUED**

Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection (enter zero if no activity to report here)

Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount (enter zero if no activity to report here)

Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other (To be reported as a separate line per collection type under this heading, multiple rows may be needed)

Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies (Please enter

Civil Fee Refunds

20,260 -

Bond Fee Refunds

3,050 1,225

Restitution Payments to Individuals (additional detail is not required)

- -

Criminal Cash Bonds Collected

4,125 2,250

Other Disbursements to Individuals (additional detail is not required)

- -

Payments to 3rd Party Collection/Processing Agencies

- -

Subtotal Disbursements/Retainage

180,981 256,852

Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)

226,641 338,359

Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.

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Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)

Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)

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**CITY OF ZACHARY, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2023**

Name of Insurer	Expiration Date	Type of Coverage	Coverage Limits
Princeton Excess	11/1/2023	General liability building	\$ 3,000,000
Princeton Excess	11/1/2023	Employee practices liability	\$ 3,000,000
Princeton Excess	11/1/2023	Auto liability	\$ 3,000,000
Princeton Excess	11/1/2023	Law Enforcement liability	\$ 3,000,000
Princeton Excess	11/1/2023	Public official	\$ 3,000,000
Southern Insurance (Republic Group)	11/1/2023	Crime	
		Employee theft	\$ 250,000
		Forgery/Alteration	\$ 250,000
		Money & Securities:	
		Inside premises	\$ 10,000
		Outside premises	\$ 5,000
		Computer Fraud	\$ 250,000
Funds transfer fraud	\$ 250,000		
Louisiana Workers Compensation Corp.	1/1/2024	Workers compensation	Statutory limits
Southern Insurance (Republic Group)	11/1/2023	Auto physical damage & scheduled autos	ACV

PERFORMANCE AND STATISTICAL DATA

**CITY OF ZACHARY, LOUISIANA
SCHEDULE OF UTILITY STATISTICS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>		<u>2022</u>	
Gas customer data are as follows:				
Gas sales	\$	3,381,501	\$	3,242,681
Gas purchased	\$	1,463,851	\$	1,543,991
MCF gas sold		246,479		248,091
Average monthly customers		5,594		5,483
MCF gas purchased		254,384		262,227
MCF gas unaccounted for		7,905		14,136
Average monthly billing per customer	\$	50.37	\$	49.28
Water customer data are as follows:				
Water sales	\$	2,776,993	\$	3,032,788
Thousands of gallons of water sold		838,988		816,207
Average monthly customers		8,635		8,534
Average monthly billing per customer	\$	26.80	\$	29.61
Sewer customer data are as follows:				
Sewer sales	\$	1,464,722	\$	1,382,265
Number of customers at year end		6,322		6,193
Average monthly billing per customer	\$	19.31	\$	18.60

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

Hugh F. Baxley, CPA/CGMA – Retired

SCHEDULE 12

The Honorable Mayor David McDavid
And Members of the Council
City of Zachary, Louisiana

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit (City Court), each major fund, and the aggregate remaining fund information of the City of Zachary, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Zachary, Louisiana's basic financial statements and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Barley & Associates, LLC

Plaquemine, Louisiana
December 1, 2023

BAXLEY AND ASSOCIATES, LLC

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Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

SCHEDULE 13

Hugh F. Baxley, CPA/CGMA – Retired

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS

The Honorable Mayor David McDavid
And Members of the Council
City of Zachary, Louisiana

We have examined the City of Zachary, LA's ("the City") compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program -Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Fund" of the CSLFRF section of the 2023 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2023. The management of the City of Zachary, LA is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement". Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Zachary, LA complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2023.

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S.
DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY
FUNDS PROGRAM (CSLFRF) REQUIREMENTS (continued)**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provision of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirement or on compliance and other matters; accordingly, we express no such opinions. The result of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City of Zachary, LA complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2023. Accordingly, this report is not suitable for any other purpose.

Barley & Associates, LLC

Plaquemine, Louisiana
December 1, 2023

CITY OF ZACHARY, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? _____ yes X no
- Significant deficiency identified that is not considered to be material weaknesses? _____ yes X no
- Noncompliance material to financial statements noted? _____ yes X no

**CITY OF ZACHARY, LOUISIANA
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

2022-001 BUDGET

Condition

In the General Fund, budgeted revenues exceeded actual revenues by 12%.

Recommendation

We recommend that management implement procedures to monitor budget to actual comparisons and amend budgets as necessary to comply with the Louisiana Local Government Budget Act.

Current Status

This was corrected during the current year.

CITY OF ZACHARY
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2023

BAXLEY AND ASSOCIATES, LLC

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Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

Hugh F. Baxley, CPA/CGMA – Retired

The Honorable Mayor David McDavid
and the Council Members
City of Zachary
Zachary, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed Upon Procedures (SAUPS) for the fiscal period July 1, 2022, through June 30, 2023. The City of Zachary's management is responsible for those C/C areas identified in the SAUPS.

The City of Zachary has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPS for the fiscal period July 1, 2022, through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exceptions: Yes, Purchasing and Sexual Harassment lack sufficient documentation.

2) Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Exceptions: *No exceptions were noted.*

3) Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

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

Exceptions: Yes, one account had outstanding checks greater than 12 months with no research documentation.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Exceptions: Yes, two bank accounts had receipts that were not sequentially pre-numbered. Two bank accounts do not have collection documentation.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation

indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Exceptions: No exceptions were noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether

management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exceptions: No exceptions were noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions: No exceptions were noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

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

Exceptions: No exceptions were noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Exceptions: No exceptions were noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

- b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as Required by R.S. 42:1170.

Exceptions: No exceptions were noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Exceptions: No exceptions were noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: No exceptions were noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions: *No exceptions were noted.*

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

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

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

Baxley & Associates, LLC

Plaquemine, Louisiana
December 1, 2023

City of Zachary

**Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2023**

1. The City will add or enhance its written procedures for the following areas:
 - a. Purchasing – initiation, vendor additions, preparation/approval of purchase orders, compliance with public bid law, documentation of bids and price quotes
 - b. Sexual Harassment – annual reporting
3. The City will document its research into checks which have been outstanding more than 12 months and remit report and payment to Louisiana Unclaimed Property where applicable.
4. The City will revise and/or enhance its cash receipt procedures to include sequentially pre-numbered receipts and collection documentation.