

**TOWN OF BRUSLY
BRUSLY, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 2023**

**TOWN OF BRUSLY
BRUSLY, LOUISIANA
TABLE OF CONTENTS
JUNE 30, 2023**

	EXHIBIT	SCHEDULE	PAGE
INDEPENDENT AUDITOR'S REPORT	-	-	1-3
BASIC FINANCIAL STATEMENTS	-	-	4
Statement of Net Position	A	-	5
Statement of Activities	B	-	6
Combined Balance Sheet - Governmental Funds	C	-	7
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	D	-	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	E	-	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	F	-	10
Statement of Net Position - Proprietary Fund	G	-	11
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Fund	H	-	12
Statement of Cash Flows - Proprietary Fund	I	-	13
NOTES TO FINANCIAL STATEMENTS	-	-	14-49
REQUIRED SUPPLEMENTARY INFORMATION	-	-	50
Statement of Revenues, Expenditures, & Changes in Fund Balance - Budget to Actual - General Fund	J	-	51
Schedule of Town of Brusly's Schedule of Changes in Net OPEB Liability	K	-	52
Schedule of Town of Brusly's Proportionate Share of the Net Pension Liability	L	-	53
Schedule of Town of Brusly's Contributions	M	-	54
SUPPLEMENTARY INFORMATION	-	-	55
Schedule of Compensation, Benefits, and Other Payments to Agency Head	-	1	56
Schedule of Per Diem Paid to Elected Officials	-	2	57
Justice System Funding Schedule-Collecting/Disbursing Entity	-	3	58

**TOWN OF BRUSLY
BRUSLY, LOUISIANA
TABLE OF CONTENTS
JUNE 30, 2023**

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS	-	-	59
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	-	4	60-61
Schedule of Findings	-	5	62
Schedule of Prior Findings	-	6	63
AGREED UPON PROCEDURES	-	-	64-75

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

Hugh F. Baxley, CPA/CGMA – Retired

The Honorable Scot Rhodes, Mayor
and the Council Members
Town of Brusly
Brusly, 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, and the aggregate remaining fund information of the Town of Brusly as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Brusly'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, each major fund, and the aggregate remaining fund information of the Town of Brusly, 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 Town of Brusly 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.

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 Town of Brusly'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 Town of Brusly'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 Town of Brusly'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 budgetary comparison information and other required supplementary information on pages 50-54 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)

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brusly's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Per Diem Paid to Elected Officials, and Justice System Funding Schedule 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, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, Schedule of Per Diem Paid to Elected Officials, and Justice System Funding Schedule 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 November 22, 2023, on our consideration of the Town of Brusly'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 Town of Brusly'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 Town of Brusly's internal control over financial reporting and compliance.

Barley & Associates, LLC

Plaquemine, Louisiana
November 22, 2023

BASIC FINANCIAL STATEMENTS

TOWN OF BRUSLY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,504,788		\$ 1,504,788
Investments	1,964,979		\$ 1,964,979
Taxes Receivable	257,870	50,704	308,574
Accounts Receivable	9,175		9,175
Prepaid Expenses	1,296	1,643	2,939
Internal Balances	87,341	(87,341)	-
Restricted Cash	915,086	114,151	1,029,237
Capital Assets not being depreciated:			
Land	219,001	-	219,001
Construction in progress	-	93,829	93,829
Capital Assets being depreciated (net)			
Buildings	3,774,742	-	3,774,742
Improvements (other than buildings)	-	586,833	586,833
Infrastructure	1,489,502	-	1,489,502
Equipment	411,227	54,704	465,931
Intangible Assets, Net of Accumulated Amortization	-	-	-
TOTAL ASSETS	10,635,007	814,523	11,449,530
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	616,405	24,009	640,414
OPEB	155,576	-	155,576
TOTAL DEFERRED OUTFLOWS OF RESOURCES	771,981	24,009	795,990
LIABILITIES			
Accounts Payable	54,072		54,072
Retainage Payable	-		-
Accrued Wages	40,159		40,159
Capital Lease Payable - Current	2,280		2,280
Bonds Payable-Current	-	30,000	30,000
Accrued Interest Payable	-	4,127	4,127
Unearned revenue	915,086		915,086
Compensated Absences	11,816		11,816
Non-current liabilities:			
Capital lease payable	-		-
Bonds Payable	-	475,000	475,000
Bonds Discount	-	(5,235)	(5,235)
Compensated Absences	12,189		12,189
Net OPEB Obligation	535,571		535,571
Net Pension Liability	1,861,875	69,494	1,931,369
TOTAL LIABILITIES	3,433,048	573,386	4,006,434
DEFERRED INFLOWS OF RESOURCES			
Pension Related	96,048	976	97,024
OPEB	33,851		33,851
TOTAL DEFERRED INFLOWS OF RESOURCES	129,899	976	130,875
NET POSITION			
Net Investment in Capital Assets	5,894,472	230,366	6,124,838
Restricted for Bonds	-	80,024	80,024
Unrestricted	1,949,569	(46,220)	1,903,349
TOTAL NET POSITION	\$ 7,844,041	\$ 264,170	\$ 8,108,211

The accompanying notes are an integral part of this statement.

EXHIBIT B

**TOWN OF BRUSLY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary government:							
Governmental activities:							
General Government	\$ 1,468,694	\$ 124,442	\$ 4,940	\$ -	\$ (1,339,312)	\$ -	\$ (1,339,312)
Public Safety	990,526	576,686	-	-	(413,840)	-	(413,840)
Maintenance	435,028	-	-	-	(435,028)	-	(435,028)
Highway and Streets	328,420	-	-	-	(328,420)	-	(328,420)
Total governmental activities	3,222,668	701,128	4,940	-	(2,516,600)	-	(2,516,600)
Business-type activities:							
Sewer	411,345	316,053	-	5,965	-	(89,327)	(89,327)
Total business-type activities	411,345	316,053	-	5,965	-	(89,327)	(89,327)
Total primary government	<u>3,634,013</u>	<u>1,017,181</u>	<u>4,940</u>	<u>5,965</u>	<u>(2,516,600)</u>	<u>(89,327)</u>	<u>(2,605,927)</u>
General revenues:							
					2,190,636		2,190,636
					192,488		192,488
					4,860		4,860
					100,159	4,372	104,531
					46,296	2,300	48,596
					6,221	35,000	41,221
					<u>2,540,660</u>	<u>41,672</u>	<u>2,582,332</u>
					24,060	(47,655)	(23,595)
					8,283,238	268,478	8,551,716
					<u>(463,257)</u>	<u>43,347</u>	<u>(419,910)</u>
					<u>7,819,981</u>	<u>311,825</u>	<u>8,131,806</u>
					<u>\$ 7,844,041</u>	<u>\$ 264,170</u>	<u>\$ 8,108,211</u>

The accompanying notes are an integral part of this statement.

**TOWN OF BRUSLY
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 1,504,788
Investments	1,964,979
Receivables	
Taxes Receivable	257,870
Receivables- accts/federal	9,175
Prepaid expense	1,296
Internal Balance	87,341
Cash - Restricted	915,086

TOTAL ASSETS	<u>\$ 4,740,535</u>
---------------------	----------------------------

LIABILITIES AND FUND BALANCES**Liabilities:**

Accounts Payable	\$ 54,072
Accrued Payroll	40,161
Unearned Revenue	478,775
Compensated Absences	11,816
Total Liabilities	<u>584,824</u>

Fund Balance:

Unspendable	1,296
Restricted	915,086
Unassigned	3,239,329
Total Fund Balance	<u>4,155,711</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,740,535</u>
---	----------------------------

The accompanying notes are an integral part of this statement.

TOWN OF BRUSLY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET
POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total Governmental Funds	\$ 4,155,711
Amounts reported for governmental activities in the statement of activities are different because:	
The deferred outflows of contributions for the retirement system are not available resources, and therefore, are not reported in the funds.	771,983
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.	5,894,472
Intangible assets used in governmental activities are not financial resources, therefore, are not reported in the funds.	-
The deferred inflows of contributions for the retirement system are not payable from current expendable resources and, therefore, are not reported in the funds.	(129,899)
Increase unearned revenue prior year adjustment	(436,311)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds:	
Net OPEB Obligation	(535,571)
Capital Lease Payable	(2,280)
Compensated Absences	(12,189)
Net Pension Liability	(1,861,875)
Net Position of Governmental Activities	<u>\$ 7,844,041</u>

The accompanying notes are an integral part of this statement.

TOWN OF BRUSLY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

REVENUES

Taxes	\$ 2,387,984
Intergovernmental revenues	4,940
Licenses and permits	124,442
Fines	576,686
Investment income	100,159
Miscellaneous income	6,221

TOTAL REVENUES	3,200,432
-----------------------	------------------

EXPENDITURES

General Government	1,311,176
Public Safety	763,902
Maintenance	382,550
Highway and Streets	181,310
Debt Service -	
Principal Retirement	1,320
Interest and Fiscal Charges	-
Capital Outlay	627,370

TOTAL EXPENDITURES	3,267,628
---------------------------	------------------

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(67,196)
--	-----------------

FUND BALANCE (DEFICIT), Beginning	4,222,907
--	------------------

FUND BALANCE (DEFICIT) ending	\$ 4,155,711
--------------------------------------	---------------------

TOWN OF BRUSLY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds (page 9) \$ (67,196)

Amounts reported for governmental activities in the statement of activities (page 6) are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital Outlay	627,369	
Depreciation Expense	<u>(424,865)</u>	
		202,504

Governmental funds report purchases of intangible assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which intangible purchases exceeded amortization expense in the current period.

Amortization Expense	<u>(427)</u>	(427)
----------------------	--------------	-------

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. (190)

Repayment of a capital lease is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 4,680

In the Statement of Activities, only the gain (loss) on disposal of assets is reported, whereas the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the difference. -

Non-employer contributions to cost-sharing pension plan and OPEB 46,296

Pension expense and OPEB expense not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure. (161,607)

Change in net position of governmental activities (page 6) \$ 24,060

**TOWN OF BRUSLY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

	<u>SEWER</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ -
Accounts Receivable	50,704
Prepaid Insurance	1,643
Restricted Assets:	
Bond Accounts	114,151
Total Current Assets	<u>166,498</u>
Non-Current Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>735,366</u>
TOTAL ASSETS	<u>\$ 901,864</u>
DEFERRED OUTFLOW - PENSION	<u>24,009</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current Liabilities:	
Bond Payable	\$ 30,000
Interest Payable	4,127
Internal Balances	87,341
Total Current Liabilities	<u>121,468</u>
Non-Current Liabilities:	
Bond Payable	475,000
Bond Discount	(5,235)
Net Pension Liability	69,494
Total Non-Current Liabilities	<u>539,259</u>
TOTAL LIABILITIES	<u>660,727</u>
DEFERRED INFLOW - PENSION	<u>976</u>
NET POSITION	
Investments in Capital Assets	230,366
Restricted	80,024
Unrestricted	(46,220)
TOTAL NET POSITION	<u>\$ 264,170</u>

The accompanying notes are an integral part of this statement.

TOWN OF BRUSLY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	<u>SEWER</u>
OPERATING REVENUES	
Charges for services	\$ 316,053
Federal funds	5,965
Other Revenue	<u>2,300</u>
TOTAL OPERATING REVENUES	324,318
OPERATING EXPENSES	
Personal Services and Benefits	131,003
Repairs and Maintenance	117,769
Sewer Telemetry	15,000
Insurance	5,495
Sewer expenses - ARPA	5,965
Depreciation	<u>118,585</u>
TOTAL OPERATING EXPENSES	393,817
OPERATING INCOME (LOSS)	<u>(69,499)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest on Investments	\$ 4,372
LGAP Grant	35,000
Interest Expense	<u>(17,528)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>21,844</u>
CHANGE IN NET POSITION	(47,655)
NET POSITION - Beginning	268,478
Restated - Beginning net position	43,347
NET POSTION - Beginning Restated	<u>311,825</u>
NET POSITION - Ending	<u><u>\$ 264,170</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF BRUSLY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2023**

	SEWER
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 311,405
Payments to suppliers	(138,403)
Payments to employees	(128,576)
Increase in due to other funds	86,954
Net cash provided (used) by operating activities	<u>131,380</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Non operating receipts	35,000
Capital outlay purchased	(122,388)
Principal paid on capital debt	(30,000)
Interest paid on capital debt	(17,331)
Net cash provided (used) by capital and related financing activities	<u>(134,719)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>4,371</u>
Net cash provided (used) by investing activities	<u>4,371</u>
Net increase (decrease) in cash and cash equivalents	1,032
Balances - beginning of year	<u>113,119</u>
Balances - end of the year	<u><u>\$ 114,151</u></u>
SUMMARY OF CASH AND CASH EQUIVALENTS	
Unrestricted cash and cash equivalents	-
Restricted cash and cash equivalents	114,151
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 114,151</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (69,499)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	118,585
Changes in assets and liabilities:	
Increase in accounts receivable	(4,649)
Increase in prepaid insurance	(139)
Increase in due from other funds	86,954
Decrease in deferred outflow pension	277
Decrease in net pension liability	(6,631)
Decrease in deferred inflow pension	(36,865)
Prior period adj. due to MERS allocation	43,347
Net cash provided by operating activities	<u><u>\$ 131,380</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The Town of Brusly, Louisiana (the Town) was incorporated in 1901 under provisions of the Title 33, Chapter 2, Part I, of the Louisiana Revised Statutes (Lawrason Act—Act No. 36 of 1898). The Town operates under a Mayor-Board form of government and as permitted under the Act, provides police protection, streets and sidewalks, health and sanitation, public improvements, recreation, sponsorship of federal programs, and sewer utilities. The Mayor and five board members are elected at large to serve four-year terms from January 1, 2021 to December 31, 2024. Effective January 1, 2021, the Mayor is entitled to an annual salary of \$52,000, payable monthly. The Mayor pro-term shall be paid \$9,000 per year, payable monthly, and each Council Member \$8,400 per year, payable monthly. The salary of the Chief of Police shall be \$52,000 per annum, payable bi-weekly, plus a \$12,000 vehicle allowance payable monthly. The Town of Brusly, Louisiana is located in West Baton Rouge Parish, Louisiana, with a geographic area of approximately two square miles. The estimated population is about 2,833 based on the United States census. The Town employees approximately twenty-five persons, serves 995 sewer customers, and maintains six miles of street.

GASB, Statement No. 61, codified 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 Town 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 of this Statement. As such, the Town has no component units. As used in GASB Statement No. 61, fiscally independent means that the Town may, without the 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.

1. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

All individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers 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 claims 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following governmental fund:

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

Additionally, the Town reports the following fund types:

Enterprise Funds – accounts for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town's enterprise fund consists of activities of the sewer facility operations.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

The Town reports the following major enterprise fund:

The sewer facility fund accounts for the activities of the sewer facility throughout the Town.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are sewer fees.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required 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.

4. Deposits, Investments and Cash

Under State law, the Town may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other *federally insured investment*. In accordance with FASB ASC 820, "*Fair Value Measurement and Disclosures*", investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

Louisiana, which operates a local government investment pool. At June 30, 2023, the Town's investments in LAMP, which are stated at fair value based on quoted market rates, amounted to \$ 541,537 .

Fair Value Measurements

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Application and Measurement*, all investments are reported at fair value with gains and losses included in the statement of revenue and expenses.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Town has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town of Brusly considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

5. Receivables and Payables

Receivables consist of all revenues earned at year-end and not yet received.

The Town receives approximately ten (10) percent of the parish sales taxes collected in West Baton Rouge Parish and ten (10) percent of the District sales taxes for general government.

Payables consist of all expenses incurred at year-end and not yet paid.

6. Inventories and Prepaid Items

All immaterial inventories of the governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets), are reported in the applicable governmental activities' columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town of Brusly maintains a threshold level of \$2,500 or more for capitalizing capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 years
Equipment	5-10 years
Vehicles	5-10 years
Infrastructure	20-50 years

8. Compensated Absences

The Town of Brusly's recognition and measurement criteria for compensated absences follows:

FASB ASC C60 – Compensated Absences (GASB Statement No. 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.

1. The employees' rights to receive compensation are attributable to services already rendered.
2. 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.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

GASB ASC C60 – Compensated Absences (GASB Statement No. 16) provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The entire compensated absences liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences" in the fund from which the employee who have accumulated leave are paid. The non-current portion of the liability is not reported in the governmental funds.

9. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

For purposes of measuring OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position is based on actuarially determined obligations under GASB 75.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

10. Net Position in the Government-Wide Financial Statements

In the government-wide statement of net position, the net position amount is classified and displayed in three components.

1. Net investment in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
2. Restricted net position – This component consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – This component consists of all other net positions that do not meet the definition of “restricted” or “net investment in capital assets”. When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Town’s usual policy is to use restricted resources first to finance its activities.

11. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FYE 2011, the Town implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (FASB ASC 1300 and 1800). This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- a. Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management classifies prepaid expenditures as being non-spendable as this item is not expected to be converted to cash.
- b. Restricted: This classification includes amounts for which constraints have been placed on the use of resources are either:
 - a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulations of other governments; or
 - b. Imposed by law through constitutional provisions or enabling legislation.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

- c. Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Town's board of aldermen, which is the Town's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of aldermen removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of year-end.
- d. Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Town's board of aldermen, or a subordinate high-level body, such as finance committee, or an official, such as the Mayor, that has the authority to assign amounts to be used for specific purposes. The Town's management has not assigned any amounts at year-end.
- e. Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Town would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

12. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

13. Pension Plans

The Town of Brusly is a participating employer in multiple cost-sharing, multiple employer defined benefit pension plans as described in Note K. 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.

14. OPEB Plan

The Town of Brusly's defined benefit postemployment health care plan provides OPEB to eligible retired employees. The plan provides OPEB for employees with at least twenty (20) years of full time consecutive service, must be at least 55 years old, and must have been on the Town's health insurance for at least the last ten consecutive years prior to retirement. The Town's OPEB plan is a single employer defined benefit OPEB plan administered by the Town. Benefits are provided through Blue Cross Blue Shield of Louisiana. No assets are accumulated in a trust that meets the criteria in GASB Codification P52 *Postemployment Benefits Other Than Pensions-Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*. The premium rates are established and may be amended by Blue Cross Blue Shield of Louisiana, with the Town determining the contribution requirements of the retirees.

15. Accounting Pronouncements Implemented

In June 2017, GASB has issued Statement No. 87 "Leases". This Statement is effective for fiscal years beginning subsequent of December 15, 2019. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB issued Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" which has deferred the effective date of Statement No. 87 Implementation Guide No. 2019-03 by 18 months to fiscal years beginning after June 15, 2021. At June 30, 2022, this pronouncement was implemented and had no significant impact on the Town of Brusly financial statements for year ended June 30, 2022 or June 30, 2023.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE A: SIGNIFICANT ACCOUNTING POLICIES, continued

GASB Statement 96, Subscription-Based Information Technology Arrangements: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangement for government end users. This Statement is effective for fiscal years beginning after June 15, 2022. At June 30, 2023, this pronouncement was implemented and had no significant impact on the Town of Brusly financial statements.

NOTE B: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION

The Town uses the following budget practices:

1. The budgetary calendar—The public hearing on the budget announcement is published in the official journal in May. In June, a public hearing on the budget is held and after any discussion the budget is adopted.
2. Appropriations (unexpended budget balances) lapse at year-end.
3. There are no outstanding encumbrances.
4. The GAAP basis is used in preparing and reporting the budgets and those funds not budgeted.
5. The Board of Aldermen will meet as needed to make changes or amendments within the various budget

NOTE C: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

At June 30, 2023, the Town of Brusly has cash and cash equivalents (book balances) totaling \$2,534,025 as follows:

	General	Sewer
Demand Deposits	\$ 297,199	\$ -
Interest-Bearing-Restricted	-	114,151
Money Market Accounts	2,122,025	-
Petty Cash	650	-
Total	<u>\$ 2,419,874</u>	<u>\$ 114,151</u>

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

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE C: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, continued

At June 30, 2023, the Town has \$4,079,080 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance of \$726,816 and \$3,933,394 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE D: INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name.

At fiscal year-end, the Town's investment balances were as follows:

Type of Investment	Category 1	Fair Value	Cost	Total Carrying Amount
Certificates of Deposit	\$ 1,423,442	\$ 1,423,442	\$ 1,423,442	\$ 1,423,442
Total	<u>\$ 1,423,442</u>			
Investments Not Subject to Categorization:				
External Investment Pool (LAMP)		541,537	541,537	541,537
Total Investments		<u>\$ 1,964,979</u>	<u>\$ 1,964,979</u>	<u>\$ 1,964,979</u>

The Town can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The Town's investments are categorized to give an indication of the level of risk assumed by it at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Town's name.

In accordance with GASB Codification Section 150.128, the investment in Louisiana Asset Management Pool (LAMP) is not categorized in the three risk categories provided by the GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE D: INVESTMENTS, continued

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R. S. 33:2955. GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. It prepares its own interest rate risk disclosure using the weighted-average maturity (WAM) method which is restricted to not more than 60 days and consists of no securities with a maturity exceeding 397 days. The WAM for Lamp's total investment is 54 (from LAMPS monthly rate schedule) as of June 30, 2023.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE E: FAIR VALUE MEASUREMENTS

The following table sets forth by level within fair value hierarchy the Town's assets at estimated fair value as of June 30, 2023:

	<u>Level 1</u>
Certificates of deposits	1,423,442
LAMP	<u>541,537</u>
Total	<u>\$1,964,979</u>

The Town of Brusly did not have level 2 or level 3 assets at June 30, 2023.

NOTE F: RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets of the Sewer Fund were applicable to the following at June 30, 2023:

	<u>2023</u>
Cash and Cash Equivalents	
Bond accounts	<u>\$ 114,151</u>
Total	<u>\$ 114,151</u>

The following summarizes the current year transactions in the major categories of these reserved accounts:

	<u>Sinking Fund</u>	<u>Reserve Fund</u>	<u>Revenue</u>	<u>Totals</u>
Beginning balance	\$ 105,669	\$ 1	\$ 7,449	\$ 113,119
Add:				
Transfers from other funds receipts	-	-	352,371	352,371
Transfers from bond funds	47,125	47,328	-	94,453
Interest earned	3,303	26	1,043	4,372
Total funds available	<u>156,097</u>	<u>47,355</u>	<u>360,863</u>	<u>564,315</u>
Less:				
Principal payments	-	30,000	-	30,000
Interest payments	-	17,331	-	17,331
Transfer to other funds	-	-	308,380	308,380
Transfer to bond funds	47,328	-	47,125	94,453
Trustee Fees	-	-	-	-
Ending balance	<u>\$ 108,769</u>	<u>\$ 24</u>	<u>\$ 5,358</u>	<u>\$ 114,151</u>

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE G: RECEIVABLES

The receivables of \$ 317,749 at June 30, 2023 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Taxes:			
Sales and use	\$ 171,870	\$ -	\$ 171,870
Other	86,000	-	86,000
	<u>257,870</u>	<u>-</u>	<u>257,870</u>
Accounts & federal sources	9,175	50,704	59,879
Total	<u>\$ 267,045</u>	<u>\$ 50,704</u>	<u>\$ 317,749</u>

Receivables are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected, they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

NOTE H: INTER-FUND RECEIVABLES AND PAYABLES—FUND FINANCIAL STATEMENTS

Because the Town operates with only one checking account for both the general and sewer funds, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the sewer fund. Such advances create short-term inter-fund loans. A summary of these inter-fund loans, at year-end, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Proprietary Fund-Sewer	\$ 87,341

NOTE I: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Primary Government		
	<u>Balance 7/01/2022</u>	<u>Additions</u>	<u>Balance 6/30/2023</u>
Land	\$ 219,001	\$ -	\$ 219,001
Buildings	3,960,745	1,074,311	5,035,056
Construction in progress	729,537	344,774	(1,074,311)
Infrastructure	2,885,755	134,633	-
Equipment	1,757,787	147,962	3,020,388
Furniture and fixtures	-	-	1,905,749
	-	-	-
Total Capital Assets	\$ 9,552,825	\$ 1,701,680	\$ (1,074,311)
			\$ 10,180,194

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE I: CAPITAL ASSETS, continued

	Primary Government				Capital Assets Net of Accumulated Depreciation
	Accumulated Depreciation Balance	Additions	Deletions	Accumulated Depreciation Balance	
	7/01/2022			6/30/2023	
Land	\$ -	\$ -	\$ -	\$ -	\$ 219,001
Buildings	1,137,815	122,499	-	1,260,314	3,774,742
Construction in progress	-	-	-	-	-
Infrastructure	1,383,777	147,109	-	1,530,886	1,489,502
Equipment	1,339,265	155,257	-	1,494,522	411,227
Furniture and fixtures	-	-	-	-	-
Total Capital Assets	\$ 3,860,857	\$ 424,865	\$ -	\$ 4,285,722	\$ 5,894,472

A summary of the changes in proprietary type property, plant, and equipment at June 30, 2023:

	Proprietary			Balance 6/30/2023
	Balance 7/01/2022	Additions	Deletions	
Land	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Improvements other than buildings	4,465,772	-	-	4,465,772
Infrastructure	-	-	-	-
Equipment	511,152	28,560	-	539,712
Construction in progress	-	93,828	-	93,828
Total Capital Assets	\$ 4,976,924	\$ 122,388	\$ -	\$ 5,099,312

	Proprietary			Capital Assets Net of Accumulated Depreciation
	Accumulated Depreciation 7/01/2022	Additions	Deletions	
Land		\$ -	\$ -	\$ -
Buildings		-	-	-
Improvements other than buildings	3,767,293	111,645	-	3,878,938
Infrastructure		-	-	-
Equipment	478,069	6,940	-	485,009
Furniture and fixtures	-	-	-	-
Construction in progress	-	-	-	93,828
Total Accumulated Depreciation	\$ 4,245,362	\$ 118,585	\$ -	\$ 4,363,947

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE I: CAPITAL ASSETS, continued

Depreciation expense of \$543,450 for the year ended June 30, 2023 was charged to the following governmental functions:

General	\$ 76,490
Police	148,788
Maintenance	52,478
Highway and Streets	<u>147,109</u>
Total Depreciation – Governmental Activities	<u>424,865</u>
 Sewer Fund	 <u>\$118,585</u>
Total Depreciation – Business-Type Activities	<u>\$118,585</u>
 Total Depreciation	 <u>\$543,450</u>

NOTE J: LONG-TERM OBLIGATIONS

The following is a summary of the debt obligation transactions for the year ended June 30, 2023:

	Bonded Debt	Compensated Absences	Capital Lease	Pension Liability	OPEB	Total
Long-Term Obligations, July 1, 2022	\$535,000	\$ 31,664	\$ 6,960	\$1,136,193	\$ 480,266	\$2,190,083
			-	795,176	55,305	850,481
	<u>30,000</u>	<u>7,659</u>	<u>4,680</u>		-	<u>42,339</u>
Long-Term Obligations, June 30, 2023	<u>\$505,000</u>	<u>\$ 24,005</u>	<u>\$ 2,280</u>	<u>\$1,931,369</u>	<u>\$ 535,571</u>	<u>\$2,998,225</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2023:

	Bonded Debt	Compensated Absences	Capital Lease	Pension Liability	OPEB Liability	Total
Current Portion	\$ 30,000	\$ 11,816	\$ 2,280	\$ -	\$ -	\$ 44,096
Long-term Portion	<u>475,000</u>	<u>12,189</u>	<u>-</u>	<u>1,931,369</u>	<u>535,571</u>	<u>2,954,129</u>
Total	<u>\$505,000</u>	<u>\$ 24,005</u>	<u>\$ 2,280</u>	<u>\$1,931,369</u>	<u>\$ 535,571</u>	<u>\$2,998,225</u>

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE J: LONG-TERM OBLIGATIONS, continued

Bonded Debt

On May 9, 2016, \$710,000 in Sewer Revenue Bonds and Refunding Bonds, Series 2016 with an average interest rate of 2.875 percent were issued to refund \$422,136 of outstanding Sewer Revenue Bonds, Series 1983 and Sewer Revenue Bonds, Series 1996 with an average interest rate of 5.5 percent. The remaining proceeds will be used for Sewer Projects.

The municipal bond outstanding as of June 30, 2023, totaling \$505,000, are 2016 Sewer Revenue Bonds maturing 2036 with a variable interest rate between 2.000% and 3.625%. Bond principal and interest payable in the next fiscal year are \$30,000 and \$16,505, respectively.

The individual issues are as follows:

Bond	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
2016 Sewer Revenue Bonds	\$ 710,000	Variable	2036	<u>\$ 128,879</u>	<u>\$ 505,000</u>	Sewer Fees

All principal and interest requirements are funded in accordance with Louisiana law by sewer fees within the Town. At June 30, 2023, the municipality has accumulated \$105,670 in the debt service funds for future debt requirements. The bonds are due as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2024	\$ 30,000	\$ 16,505	\$ 46,505
2025	35,000	15,681	50,681
2026	35,000	14,719	49,719
2027	35,000	13,756	48,756
2028	35,000	12,662	47,662
2029-2036	335,000	55,556	390,556
Total	<u>\$ 505,000</u>	<u>\$ 128,879</u>	<u>\$ 633,879</u>

Capital Lease

On June 25, 2019, the Town entered into a lease for two copier systems through LEAF Capital Funding, LLC. The lease is for sixty (60) months with a monthly combined payment of \$190 with no stated interest. There is an option to purchase at the end of the lease.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE J: LONG-TERM OBLIGATIONS, continued

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30:

Year Ended June 30,	Lease Payments
2024	2,280
Total	<u>\$ 2,280</u>

NOTE K: PENSION PLAN

Substantially all employees of the Town of Brusly are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate board of trustees. Pertinent information relative to each plan follows:

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description:

All of the Town of Brusly'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 Town of Brusly are members of Plan B. 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.lila.la.gov.

Retirement Benefits:

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing the member meets one of the following criteria: (1) any age with thirty (30) years of creditable service, or (2) Age 60 with a minimum of ten (10) years or more of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two 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 outlined in the statutes, the benefits are limited to specified amounts.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

Any member of Plan B Tier 2 shall be eligible for retirement if he or she meets one of the following criteria: (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 (30) years 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.

The monthly amount of retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two 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.

Survivor Benefits:

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

Any member of Plan B 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 B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits 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.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final average 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 increase 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:

Plan B provides 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 plan members are established by statute. Member contributions are at 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the Town of Brusly. According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2022, the actual employer contribution rate was 15.50% of member's earnings for Plan B.

According to state statute, the System also receives one-fourth (1/4) of 1% of 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 Municipal Employee's Retirement System and the Employee's Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. The System also receives revenue sharing funds each year as apportioned 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.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE K: PENSION PLAN, continued

Plan members are required by state statute to contribute 5.00 percent of their annual covered salary to the System, and the Town of Brusly is required to make contributions at an actuarially determined rate. The current rate is 15.50% of annual covered payroll. 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 Town's contributions to the MERS during the years ended June 30, 2023, 2022, and 2021, were \$81,050, \$82,196, and \$78,661, respectively, equal to the required contributions for each year.

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

At June 30, 2023, the Town reported a liability of \$579,120 for its proportionate share of the net pension liability for MERS. 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 Town's proportion of the net pension liability was based on a projection of the Town'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 Town's proportion for MERS was 0.659602%, which was a decrease of 0.000743% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$102,241 for MERS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$970).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (7,369)
Changes of assumptions	6,191	-
Net difference between projected and actual earnings on pension plan investments	106,505	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,333	(766)
Employer contributions subsequent to the measurement date	81,050	-
Total	<u>\$ 200,079</u>	<u>\$ (8,135)</u>

The Town reported a total for MERS of \$81,050 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.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: 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:

<u>Fiscal Year Ended</u>	
2024	\$ 31,250
2025	20,443
2026	11,434
2027	47,767
	<u>\$ 110,894</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 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions 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 B
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Inflation Rate	2.500%
Salary increases, including inflation and merit increases	
- 1 to 4 years of service	7.40%
- More than 4 years of service	4.90%
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.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

Discount Rate:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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%

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 the 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.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

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

The following table represents the Town's proportionate share of the net pension liability (NPL) using the discount rate for MERS as well as the Town'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 higher than the current discount rate used by MERS:

	Plan B		
	1.0% Decrease 5.850%	Current Discount Rate 6.850%	1.0% Increase 7.850%
Net Pension Liability	\$ 789,450	\$ 579,120	\$ 401,230

Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description:

All of the Town's full-time police department employees engaged in law enforcement are required to participate in the MPERS, a multiple-employer, cost-sharing, defined benefit pension plan administered by a separate board of trustees, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projection of benefit payments in the benefit calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within by Act 189 of 1973 and amended by LRS 11:2211-11:2233 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 Prior to January 1, 2013. A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

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

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse.

In addition, each child under age eighteen receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten 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.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

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 the 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 36 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 earn interest at the money market rate.

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. Statutes should be read for more detail on eligibility and benefit provisions.

Employer Contributions:

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS

NOTE K: PENSION PLAN, continued

For the year ended June 30, 2022, total contribution rate due for employers and employees was 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%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than 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 10.00 percent of their annual covered salary to the System, and the Town is required to make contributions at an actuarially determined rate. The contribution requirements of plan members and the Town 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 Town's contributions to the MPERS for the years ended June 30, 2023, 2022, and 2021, were \$118,215, \$121,499, and \$145,575, respectively, equal to the required contributions for each year.

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

At June 30, 2023, the Town reported a liability of \$1,352,249 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 Town's proportion of the net pension liability was based on a projection of the Town'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 Town's proportion for MPERS was 0.132291%, which was a decrease of 0.009092% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$196,216 for MPERS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$165).

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,669	\$ (11,021)
Changes of assumptions	46,645	(10,058)
Net difference between projected and actual earnings on pension plan investments	241,419	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	27,387	(67,810)
Employer contributions subsequent to the measurement date	<u>118,215</u>	<u>-</u>
Total	<u>\$ 440,335</u>	<u>\$ (88,889)</u>

The Town reported a total for MPERS of \$118,215 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	\$ 46,089
2025	62,281
2026	(1,776)
2027	<u>126,637</u>
	<u>\$ 233,231</u>

Actuarial Assumptions:

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

TOWN OF BRUSLY **NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

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	2.50%	
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	<p>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.</p> <p>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.</p> <p>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.</p>	
Cost of Living Adjustments	<p>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.</p>	

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.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: 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:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed income	30.50%	0.85%
Alternatives	14.00%	0.95%
Totals	100.00%	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 Town's proportionate share of the net pension liability (NPL) using the discount rate for MPERS as well as the Town'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 higher than the current rate used by MPERS:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	5.750%	6.750%	7.750%
Net Pension Liability	\$ 1,892,889	\$ 1,352,249	\$ 900,635

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

At June 30, 2023, the Town reported a total liability of \$1,931,369 for its proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized total pension expense of \$298,457 for its governmental activities less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions (\$1,135).

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE K: PENSION PLAN, continued

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,669	\$ (18,390)
Changes of assumptions	52,836	(10,058)
Net difference between projected and actual earnings on pension plan investments	347,924	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	33,720	(68,576)
Employer contributions subsequent to the measurement date	<u>199,265</u>	<u>-</u>
Total	<u>\$ 640,414</u>	<u>\$ (97,024)</u>

NOTE L: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description:

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

Benefits Provided:

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 age 55 and 20 years of service.

Employees Covered by Benefit Terms:

As of the measurement date June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>18</u>
Total	<u>19</u>

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE L: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, continued

Total OPEB Liability:

The Town of Brusly's total OPEB liability of \$535,571 was measured as of the measurement date June 30, 2023, the end of the fiscal year.

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	3.0%
Salary increases	3.0%, including inflation
Prior Discount rate	3.54%
Discount rate	3.65%
Healthcare trend	5.5% annually until year 2032, then 4.5% thereafter for experience prior to Medicare
Mortality	SOA RP-2014 Table

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.

Changes in the Total OPEB Liability:

Balance at June 30, 2022	\$ 480,266
Changes for the year:	
Service cost	36,768
Interest cost	17,652
Differences between expected and actual experience	23,404
Changes of assumptions	(6,121)
Benefit payments and net transfers	(16,398)
Net Changes	<u>55,305</u>
Balance at June 30, 2023	<u><u>\$ 535,571</u></u>

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE L: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, continued

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the Town of Brusly, as well as what the Town of Brusly'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 2.65%	Current Discount Rate 3.65%	1.0% Increase 4.65%
Total OPEB Liability	\$ 603,916	\$ 535,571	\$ 477,261

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of the Town of Brusly, as well as what the Town of Brusly'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 cost trend rate:

	1.0% Decrease 4.5%	Current Healthcare Cost Trend Rate 5.5%	1.0% Increase 6.5%
Total OPEB Liability	\$ 481,039	\$ 535,571	\$ 599,827

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

For the year ended June 30, 2023, the Town of Brusly recognized OPEB expense of \$65,976. At June 30, 2023, the Town of Brusly 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	\$ 90,315	\$ 4,424
Changes in assumptions	65,262	(38,275)
Total	<u>\$ 155,577</u>	<u>\$ (33,851)</u>

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	\$ 11,556
2025	11,556
2026	11,556
2027	11,556
2028	11,556
Thereafter	63,948

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE M: UTILITY SERVICE AGREEMENT

An agreement between the West Baton Rouge Parish Waterworks District No. 2 and the Town of Brusly provides for the billing of customers on the Town's sewer system. This billing agreement went into effect for the month of November 1982. Under the terms of the agreement, the Waterworks District No. 2 is entitled to a portion of the billing fee to cover the cost of collections. At this time, the District remits all collections to the Town.

NOTE N: CENTRALIZED COLLECTION AGENCY AGREEMENT

Pursuant to LA R. S. 33:2738.62 as enacted by Act No. 43 of the 1984 Regular Session of the State of Louisiana, the West Baton Rouge Sales Tax District No. 1 was created as the single tax collection for the Parish of West Baton Rouge. The agreement went into effect in 1984 and the agreement authorized the Town to compensate the collection agency its share of the cost of collection or about 4% of the gross amount collected.

NOTE O: FRANCHISE AGREEMENTS

The Town has granted two franchises:

Cable Television

A non-exclusive cable franchise was granted to TCI, Inc., now Cox Communications, Inc., on September 8, 1980, for a period of ten years. The agreement was amended again on September 8, 2008. The annual franchise fee is 5% of the Company's gross receipts.

Electric

On September 11, 1972, the Town entered into a franchise with Gulf State Utilities Company, now Entergy, to supply electric energy to the Town and the inhabitants thereof for a period of 60 years. In consideration, the Town shall receive a fee of 4.5% of the gross receipts from sales of electricity within the corporate limits of the Town from October 1, 1972 to September 30, 1982, then from November 1, 1982 to September 30, 2032, a fee of 5%.

NOTE P: FLOW OF FUNDS & RESTRICTIONS ON USE – 2016 SEWER BONDS

The Issuer further covenants that all of the income and revenues derived or to be derived by the Issuer from the operation of the System shall be deposited as the same may be collected in a separate and special bank account heretofore established and maintained with the regularly designated fiscal agent bank of the Issuer, and designated as the "Sewer Revenue Fund" (the "Revenue Fund"), said Revenue Fund to be maintained and administered in the following order of priority and for the following express purposes:

- a. The payment of all reasonable and necessary expenses of operating and maintaining the System.
- b. The establishment and maintenance of the "Sewer Revenue Bond Sinking Fund" (the "Sinking Fund") sufficient in amount to pay promptly and fully the principal of and the interest on the Bonds and any Parity Obligations issued hereafter in the manner

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE P: FLOW OF FUNDS & RESTRICTIONS ON USE – 2016 SEWER BONDS, continued

provided by this Ordinance by transferring from the Revenue Fund to the fiscal agent of the Issuer monthly, on or before the 20th day of each month of each year, a sum equal to 1/6th of the total interest falling due on the Bonds and any Parity Obligations on the next Interest Payment Date and 1/12th of the total principal falling due on the Bonds and any Parity Obligations 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. If Parity Obligations are hereafter issued by the Issuer in the manner provided in this Ordinance, moneys in the Sinking Fund shall be equally available to pay principal and interest on such Parity Obligations. Said fiscal agent bank shall transfer from the Sinking Fund to any paying agent or pay directly to the registered owner, for all bonds payable from the said Sinking Fund, at least three (3) days in advance of the date on which each payment of principal and interest falls due, funds fully sufficient to pay promptly the principal and/or interest so falling due on such date.

- c. The establishment and maintenance of the "Sewer Revenue Bond Reserve Fund" (the "Reserve Fund"), which shall contain a separate account therein for the exclusive benefit of the Bonds (the "Series 2016 Bonds Reserve Account") and in which other accounts may be established at the option of the Issuer in connection with any future Parity Obligations (each account established within the Reserve Fund being a "Reserve Account"). The money in each Reserve Account shall be retained solely for the purpose of paying the principal of and interest on the bonds secured by such Reserve Account as to which there would otherwise be default and shall be managed pursuant to the ordinance authorizing such bonds. All deposits required to be made in the Reserve Fund shall be transferred into each Reserve Account as needed on a pro rata basis; provided, however, that no transfers shall be made from the Revenue Fund into the Reserve Fund until after the payments required under paragraph (b) above.

There is hereby established the Series 2016 Bonds Reserve Account, which shall be maintained with the regularly designated fiscal agent bank of the Issuer and which will be used to satisfy the Reserve Requirement for the Bonds. The Series 2016 Bonds Reserve Account shall be funded to the Reserve Requirement.

NOTE Q: RESTRICTED NET POSITION

Restricted net position has been set up for revenue bonds payable.

NOTE R: RELATED PARTY TRANSACTIONS

There were no related party transactions noted.

NOTE S: RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**TOWN OF BRUSLY
NOTES TO FINANCIAL STATEMENTS**

NOTE S: RISK MANAGEMENT, continued

The Town has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage for the prior year. No settlements were made during the year that exceeded coverage.

NOTE T: JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES

During the year ended June 30, 2023, the Town of Brusly was involved in one case of pending or threatened litigation.

The case was resolved without any material impact upon the Town's financial statements.

NOTE U: PRIOR PERIOD ADJUSTMENTS

In the year ended June 30, 2023, the Town of Brusly allocated a portion of the Municipal Employees Retirement System net pension liability, deferred outflow and deferred inflow to the Sewer fund based upon total salaries in fiscal year 2023. The adjustment decreased the net position in the general fund by \$43,347 and increased the net position in the sewer fund by \$43,347 as shown on the Statement of Activities.

In the same year, the Town of Brusly also adjusted the beginning unearned revenue for the prior year ARPA funds that were not spent. The net adjustment is reflected in the Statement of Activities under governmental activities for (\$463,257).

NOTE V: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 22, 2023, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRUSLY
SCHEDULE 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				
Self-generated Fees, Services, and Taxes	\$ 3,204,440	\$ 3,107,440	\$ 3,094,052	\$ (13,388)
Other Revenues	40,300	104,300	106,380	2,080
TOTAL REVENUES	<u>3,244,740</u>	<u>3,211,740</u>	<u>3,200,432</u>	<u>(11,308)</u>
EXPENDITURES				
Current -				
General Government	1,365,610	1,282,410	1,311,176	(28,766)
Public Safety	815,100	792,100	763,902	28,198
Maintenance	426,470	400,470	382,550	17,920
Highway and Streets	182,600	180,600	181,310	(710)
Debt Service -				
Principal	-	-	1,320	(1,320)
Interest	-	-	-	-
Capital Outlay	552,000	675,960	627,370	48,590
TOTAL EXPENDITURES	<u>3,341,780</u>	<u>3,331,540</u>	<u>3,267,628</u>	<u>63,912</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(97,040)</u>	<u>(119,800)</u>	<u>(67,196)</u>	<u>52,604</u>
FUND BALANCE, BEGINNING	<u>4,222,907</u>	<u>4,222,907</u>	<u>4,222,907</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,125,867</u>	<u>\$ 4,103,107</u>	<u>\$ 4,155,711</u>	<u>\$ 52,604</u>

TOWN OF BRUSLY
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	16,964	17,473	28,312	29,370	36,254	36,768
Interest	9,432	10,065	11,307	8,962	10,312	17,652
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	18,281	33,659	(12,815)	32,096	23,493	23,404
Changes of assumptions	(6,875)	10,284	69,026	12,690	(33,508)	(6,121)
Benefit payments	(13,203)	(13,929)	(13,912)	(14,677)	(15,543)	(16,398)
Net change in total OPEB liability	<u>24,599</u>	<u>57,552</u>	<u>81,918</u>	<u>68,441</u>	<u>21,008</u>	<u>55,305</u>
Total OPEB liability - beginning	<u>226,748</u>	<u>251,347</u>	<u>308,899</u>	<u>390,817</u>	<u>459,258</u>	<u>480,266</u>
Total OPEB liability - ending	<u><u>\$ 251,347</u></u>	<u><u>\$ 308,899</u></u>	<u><u>\$ 390,817</u></u>	<u><u>\$ 459,258</u></u>	<u><u>\$ 480,266</u></u>	<u><u>535,571</u></u>
 Covered-employee payroll	 \$ 878,731	 \$ 905,093	 \$ 824,859	 \$ 849,605	 \$ 927,059	 \$ 954,871
 Net OPEB liability as a percentage covered-employee payroll	 28.60%	 34.13%	 47.38%	 54.06%	 51.81%	 56.09%
 Notes to Schedule:						
<i>Benefit Changes:</i>	None	None	None	None	None	None
<i>Changes of Assumptions:</i>						
Discount Rate	3.87%	3.50%	2.21%	2.16%	3.54%	3.65%
Mortality	RP-2000	RP-2000	RP-2014	RP-2014	RP-2014	RP-2014
Trend	5.50%	5.50%	Variable	Variable	Variable	Variable

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

**TOWN OF BRUSLY
BRUSLY, LOUISIANA
SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

Retirement System	Year Ended June 30,	Employer Portion 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	2023	0.659602%	\$ 579,120	\$ 522,904	110.8%	69.56%
	2022	0.660345%	\$ 382,544	\$ 530,293	72.1%	79.14%
	2021	0.636447%	\$ 576,765	\$ 507,489	113.7%	66.26%
	2020	0.611361%	\$ 534,827	\$ 493,230	108.4%	66.14%
	2019	0.584422%	\$ 494,323	\$ 467,362	105.8%	65.60%
	2018	0.614650%	\$ 531,815	\$ 435,783	122.0%	63.49%
	2017	0.661932%	\$ 548,681	\$ 541,517	101.3%	63.34%
	2016	0.731949%	\$ 497,467	\$ 503,307	98.8%	68.71%
	2015	0.735399%	\$ 345,267	\$ 447,164	77.2%	76.94%
Municipal Police Employees' Retirement System	2023	0.132291%	\$ 1,352,249	\$ 379,286	356.5%	70.80%
	2022	0.141383%	\$ 753,649	\$ 408,401	184.5%	84.09%
	2021	0.135049%	\$ 1,248,167	\$ 431,334	289.4%	70.94%
	2020	0.142664%	\$ 1,295,628	\$ 417,128	310.6%	71.01%
	2019	0.150734%	\$ 1,274,314	\$ 445,525	286.0%	71.89%
	2018	0.145535%	\$ 1,270,582	\$ 444,835	285.6%	70.08%
	2017	0.126584%	\$ 1,186,449	\$ 381,486	311.0%	66.04%
	2016	0.100973%	\$ 791,018	\$ 364,516	217.0%	70.73%
	2015	0.073947%	\$ 462,618	\$ 348,842	132.6%	76.94%

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

**TOWN OF BRUSLY
BRUSLY, LOUISIANA
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023**

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	2023	\$ 81,050	\$ 81,050	\$ -	\$ 522,904	15.50%
	2022	\$ 82,196	\$ 82,196	\$ -	\$ 530,293	15.50%
	2021	\$ 78,661	\$ 78,661	\$ -	\$ 507,489	15.50%
	2020	\$ 69,052	\$ 69,052	\$ -	\$ 493,230	14.00%
	2019	\$ 65,431	\$ 65,431	\$ -	\$ 467,362	14.00%
	2018	\$ 50,147	\$ 50,147	\$ -	\$ 435,783	11.51%
	2017	\$ 51,444	\$ 48,714	\$ 2,730	\$ 541,517	9.00%
	2016	\$ 47,814	\$ 44,323	\$ 3,491	\$ 503,307	8.81%
	2015	\$ 39,127	\$ 41,718	\$ (2,591)	\$ 447,164	9.33%
Municipal Police Employees' Retirement System	2023	\$ 118,215	\$ 118,215	\$ -	\$ 379,286	31.17%
	2022	\$ 137,835	\$ 121,499	\$ 16,336	\$ 408,401	29.75%
	2021	\$ 145,575	\$ 145,575	\$ -	\$ 431,334	33.75%
	2020	\$ 135,567	\$ 135,567	\$ -	\$ 417,128	32.50%
	2019	\$ 143,683	\$ 143,683	\$ -	\$ 445,525	32.25%
	2018	\$ 136,787	\$ 136,787	\$ -	\$ 444,835	30.75%
	2017	\$ 123,983	\$ 137,945	\$ (13,962)	\$ 381,486	36.16%
	2016	\$ 34,629	\$ 106,482	\$ (71,853)	\$ 364,516	29.21%
	2015	\$ 30,524	\$ 91,548	\$ (61,024)	\$ 348,842	26.24%

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

SUPPLEMENTARY INFORMATION

**TOWN OF BRUSLY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023**

Agency Head Name: Scot Rhodes, Mayor

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 52,000
Benefits - retirement	8,060
Registration Fees	600
Conference Travel	484
TOTAL	\$ 61,144

**TOWN OF BRUSLY
SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>ALDERMEN</u>	<u>AMOUNT</u>
Joanne C. Bourgeois	\$ 9,000
David Shane Andre'	8,400
Donald Neisler	8,400
Blake Tassin	8,400
Russel Daigle	8,400
TOTAL	<u><u>\$ 42,600</u></u>
<u>POLICE CHIEF</u>	<u>AMOUNT</u>
Jonathan Lefeaux	<u><u>\$ 64,000</u></u>

TOWN OF BRUSLY
JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2023

Cash Basis Presentation	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 06/30/23
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Civil Fees <i>(including refundable amounts such as garnishments or advance deposits)</i>	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	-	-
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other <i>(do not include collections that fit into more specific categories above)</i>	312,732	287,429
	312,732	287,429
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
Louisiana Dept. of Health & Hospitals, Criminal Court Costs/Fees	3,730	3,600
Louisiana Supreme Court, Criminal Court Costs/Fees	5,565	4,704
Louisiana Commission on Law Enforcement, Criminal Costs/Fees	3,116	2,634
Town of Brusly, Mayors Court	300,257	276,437
Louisiana Dept of Treasurer Disability Affairs Trust Fund, Criminal Costs/Fees		
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	64	54
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency <i>(must include a separate line for each collection type, as applicable)</i> - Example: Criminal Fines - Other <i>(Additional rows may be added as necessary)</i>	-	-
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals <i>(additional detail is not required)</i>	-	-
Other Disbursements to Individuals <i>(additional detail is not required)</i>	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	312,732	287,429
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i>	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	-
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	58	-

OTHER REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482

58225 Belleview Drive

Plaquemine, Louisiana 70764

Phone (225) 687-6630 Fax (225) 687-0365

Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

Hugh F. Baxley, CPA/CGMA – Retired

SCHEDULE 4

The Honorable Scot Rhodes, Mayor
and the Council Members
Town of Brusly
Brusly, 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, and each major fund of the Town of Brusly as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Brusly's basic financial statements and have issued our report thereon dated November 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brusly, 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 Town of Brusly's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brusly's internal control.

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

**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)**

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item [2023-001] that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Brusly'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 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*.

Town of Brusly, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of 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.

Barley & Associates, LLC

Plaquemine, Louisiana

November 22, 2023

**TOWN OF BRUSLY
SCHEDULE OF FINDINGS & RESPONSES
YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001 Financial Statements

Condition

The Town does not have the employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. This is a repeat finding.

Criteria

Government Auditing Standards issued by the Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Effect

The lack of ability to generate GAAP basis financial statements on the part of the Town resulted in the audit assisting in the preparation of the financial statements.

Recommendation

The Town should evaluate the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Management's Response

Management has evaluated the cost vs. benefit of outsourcing this task. We believe it is in the best interest of the Town of Brusly to continue to carefully review and take responsibility for the financial statements prepared by the engaged CPA firm. We will evaluate the decision annually and make changes as they are feasible.

**TOWN OF BRUSLY
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

2022-001 Financial StatementsCondition

The Town does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Recommendation

The Town should evaluate the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Status

The condition still exists as the Town does not have anyone to prepare GAAP based financial statements.

2022-002 Proper CollateralizationCondition

Cash deposits were not fully insured or collateralized at Essential Federal Credit Union.

Recommendation

Management should consult with the bank to ensure that pledges are made to cover the full balance of bank balances, and periodically review the pledges especially during peak times.

Status

This was corrected in the current year.

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

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Margaret A. Pritchard, CPA/CGMA

Staci H. Joffrion, CPA/CGMA

Hugh F. Baxley, CPA/CGMA – Retired

The Honorable Scot Rhodes, Mayor
and the Council Members
Town of Brusly
Brusly, 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 Town of Brusly's management is responsible for those C/C areas identified in the SAUPs.

The Town of Brusly 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, *Prevention of Sexual Harassment* lacked sufficient documentation on annual reporting.

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: *No exceptions were noted*

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: No exceptions were noted

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: *Yes, the report was not dated prior to February 1st.*

We were engaged by The Town of Brusly 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 Town of Brusly 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
November 22, 2023

Town of Brusly

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

1. Management will keep detailed report on file and have it completed and dated by February of each year.
14. Management will have report completed and dated by February of each year.