

CITY OF BASTROP, LOUISIANA

FINANCIAL REPORT

June 30, 2021

**HILL, INZINA & COMPANY**

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# HILL, INZINA & COMPANY

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

The Honorable Betty Olive-Alford, Mayor,  
and Members of the Board of Alderpersons  
City of Bastrop, Louisiana

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of City of Bastrop, Louisiana (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are required to be independent of the City, 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.

#### **Management's Responsibilities for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability

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to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

### **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 GAAS 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 GAAS 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 Village'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 Village's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedule of funding



progress, the schedules of proportionate share of net pension liability, and the schedules of contributions 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 Governmental Accounting Standards Board (GASB), 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, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of compensation and justice are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of compensation and justice are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of compensation and justice are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

/s/ Hill, Inzina & Co.

December 20, 2022

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

## CITY OF BASTROP, LOUISIANA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Year Ended June 30, 2021

As management of City of Bastrop, Louisiana (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the City's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the City's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the City based on information presented in the financial report and fiscal policies that have been adopted by the City. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes to financial statements and supplementary information that are provided in addition to this discussion and analysis of management.

#### Overview of the Financial Statements

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

1. Government-wide financial statements

Government-wide financial statements are designed by GASB Statement No. 34 to provide readers with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the City's financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening. Evaluation of the overall economic health of the City would extend to other nonfinancial factors in addition to the financial information provided in this report.



The statement of activities presents information detailing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the City's distinct activities or functions on revenues provided by the citizenry of the City.

The government-wide financial statements report governmental activities of the City that are principally supported by taxes and intergovernmental revenues. Governmental activities include general administrative services, public safety, public works, sanitation, and public improvements.

## 2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of the City are governmental funds that are used to account for all of the City's basic services and are reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

## 3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

In addition to the basic financial statements, the City also includes in this report additional information to supplement the basic financial statements.

### Government-Wide Financial Analysis

The following provides a summary of the net assets (in thousands of dollars) of the City's governmental activities as of June 30:

	<u>2021</u>	<u>2020</u>
Other assets	\$ 16,110	\$ 14,753
Capital assets, net of depreciation	<u>11,176</u>	<u>11,064</u>
Total assets	<u>\$ 27,286</u>	<u>\$ 25,817</u>
 Deferred outflows of resources	 <u>\$ 2,319</u>	 <u>\$ 2,166</u>
 Other liabilities	 \$ 568	 \$ 784
Long-term liabilities	<u>32,497</u>	<u>33,437</u>
Total liabilities	<u>\$ 33,065</u>	<u>\$ 34,221</u>
 Deferred inflows of resources	 <u>\$ 1,244</u>	 <u>\$ 941</u>
 Net position:		
Invested in capital assets, net of related debt	\$ 10,817	\$ 11,064
Restricted	7,977	8,684
Unrestricted (deficit)	<u>( 23,498)</u>	<u>( 26,927)</u>
 Total net position (deficit)	 <u><u>\$ ( 4,704)</u></u>	 <u><u>\$ ( 7,179)</u></u>

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Restricted net assets of the governmental activities represent resources that are subject to external restrictions as to how they may be used. By far the largest portion of the City's net position as June 30, 2021 consists of the investment in capital assets. The City uses these capital assets to provide services to its citizenry; consequently, these assets are not available for future spending.

The following summarizes the City's net position changes (in thousands of dollars) of the governmental activities between the two years ended June 30:

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,381	\$ 2,569
Operating grants and contributions	2,312	549
Capital grants and contributions	-	-
General revenues:		
Taxes	10,240	8,884
Intergovernmental	1,396	1,381
Unrestricted investment earnings	7	65
Miscellaneous	588	698
Special items:		
Loss on disposition of capital assets	-	-
Donation of capital asset	-	-
Total revenues and special items	<u>\$ 16,924</u>	<u>\$ 14,146</u>
Expenses:		
General government	\$ 4,568	\$ 3,341
Public safety	5,617	6,123
Public works	1,691	2,044
Sanitation	2,315	2,234
Economic development	10	10
Debt service	196	221
Total expenses	<u>\$ 14,397</u>	<u>\$ 13,973</u>
Change in net position	\$ 2,527	\$ 173
Net position - beginning (deficit)	( 7,180)	( 7,353)
Prior period adjustment	<u>( 51)</u>	<u>-</u>
Net position - ending (deficit)	<u><u>\$( 4,704)</u></u>	<u><u>\$( 7,180)</u></u>

The City's total revenues increased by \$2,778,000 while the total costs of all programs and services also increased by \$424,000.

General revenues are those available for the City to pay for the governmental activities. For the year ended June 30, 2021, taxes were the largest general revenue source for the City and charges for services and operating grants were the largest program revenue sources for the City.



Program revenues derive directly from the program itself or from parties outside the City's taxpayers or citizenry. As a whole, they reduce the cost of the function to be financed from the City's general revenues.

### Financial Analysis of Governmental Funds

As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$15,531,647, an increase of \$1,593,117 from \$13,938,530 as of June 30, 2020. \$7,977,210 of the ending combined fund balance as of June 30, 2021 was restricted for debt service.

### Budgetary Highlights

The City made amendments to all of its budgets with there being no unfavorable variances of 5% or more in the final budgets.

### Capital Assets and Debt Administration

The City's major capital asset additions during the current fiscal year were for machinery and equipment. Depreciation of capital assets of \$473,726 for the year ended June 30, 2021 was recorded in the governmental activities of the government-wide financial statements.

As of June 30, 2021, the City had long-term liabilities comprised of the following:

Capital leases	\$ 359,884
Workout agreement and pledge of leases and rents	322,766
Firemen's lawsuit	1,673,806
Compensated absences	179,649
Sewer revenue and refunding revenue bonds	3,265,000
Sales tax revenue bonds	<u>2,355,000</u>
Total long-term liabilities	<u>\$ 8,156,105</u>

All debt service requirements of the current fiscal year were timely met. The majority of long-term debt retirements were made for revenue bonds.

### Economic Factor's and Next Year's Budget

The COVID-19 pandemic had financial and economic impacts on the City that will potentially continue for several years. The recovery of the local economy and the return of City revenue to pre-COVID levels will depend on many factors that are still unknown.

The American Rescue Plan Act ("ARPA") was signed into law on March 11, 2021 providing additional financial relief to the effects of the pandemic. The City expects to receive total funding of \$3,710,000. These funds may be used to cover qualifying costs obligated between March 31, 2021 and December 31, 2024 and expended by December 31, 2026.

The City prepared and adopted the original General Fund's budget for the fiscal year ended June 30, 2022 with budgeted revenues and other financing sources of \$12,990,267, a decrease from the final amended budgeted revenues and other financing sources of \$14,120,169 for the year ended June 30, 2021. Likewise, expenditures and other financing uses originally budgeted for the General Fund were increased to \$14,712,644 from the final amended budgeted amount of \$13,525,656 for the fiscal year ended June 30, 2021.

The Sewer Use Fee Fund's fiscal year ended June 30, 2022 original budgeted revenues were decreased to \$1,609,200 from \$2,313,991 budgeted for the year ended June 30, 2021. Expenditures originally budgeted for the year ended June 30, 2022 were also decreased from the year ended June 30, 2021 by \$397,335 due to the completion of a project funded by a grant.

Final budgeted revenues of the Sales Tax Fund for the year ended June 30, 2021 of \$1,144,918 were decreased by \$222,618 when adopting the original budgeted revenues and expenditures for the year ended June 30, 2022. Originally budgeted expenditures for the year ended June 30, 2022 were also decreased by \$30,266.

### Requests for Information

This financial report is designed to provide a general overview of the City's financial picture for all those with an interest in the City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City Clerk, P. O. Box 431, Bastrop, Louisiana 71220.

## BASIC FINANCIAL STATEMENTS



CITY OF BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

June 30, 2021

ASSETS

Cash	\$ 9,949,461
Pooled deposits	2,138,830
Receivables:	
Accounts	224,723
Taxes	75,888
Inventory	43,708
Due from other governments	383,805
Restricted assets:	
Cash	2,296,194
Money market mutual funds	997,438
Capital assets:	
Land	1,143,434
Other capital assets, net of depreciation	<u>10,032,879</u>
Total assets	<u>\$ 27,286,360</u>

DEFERRED OUTFLOWS OF RESOURCES

Resources related to pensions	<u>\$ 2,319,313</u>
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(continued)

CITY OF BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES (Continued)

June 30, 2021

LIABILITIES

Accounts payable	\$ 464,064
Accrued salaries	76,898
Accrued interest	26,712
Long-term liabilities:	
Due within one year	1,142,788
Due in more than one year	7,013,317
Net pension liability	7,863,913
Net other postemployment benefit obligation	<u>16,477,423</u>
Total liabilities	<u>\$ 33,065,115</u>

DEFERRED INFLOWS OF RESOURCES

Resources related to pensions	<u>\$ 1,244,424</u>
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NET POSITION

Invested in capital assets, net of related debt	\$ 10,816,429
Restricted for debt service	7,977,210
Unrestricted (deficit)	<u>( 23,497,505)</u>
Total net position	<u><u>\$ ( 4,703,866)</u></u>

See notes to financial statements.

# CITY OF BASTROP, LOUISIANA

## STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES

As of and for the Year Ended June 30, 2020

			<u>Program Revenues</u>		
			Operating	Capital	
	<u>Expenses</u>	Charges for	Grants and	Grants and	Net (Expense)
Functions/Programs:		<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Revenue and</u>
					<u>Changes in</u>
					<u>Net Assets</u>
Current:					
General government	\$ 4,568,413	\$ 609,784	\$ 1,560,955	\$ -	\$( 2,397,674)
Public safety	5,617,282	76,307	42,400	-	( 5,498,575)
Public works	1,690,882	93,218	-	-	( 1,597,664)
Sanitation	2,314,506	1,601,698	709,162	-	( 3,646)
Economic development	10,000	-	-	-	( 10,000)
Debt service:					
Interest and fiscal charges	<u>196,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 196,226)</u>
Totals	<u>\$ 14,397,309</u>	<u>\$ 2,381,007</u>	<u>\$ 2,312,517</u>	<u>\$ -</u>	<u>\$( 9,703,785)</u>
General revenues:					
					\$ 10,239,585
					1,396,438
					6,957
					<u>587,827</u>
					<u>\$ 12,230,807</u>
					\$ 2,527,022
					( 51,414)
					<u>( 7,179,474)</u>
					<u>\$( 4,703,866)</u>

See notes to financial statements.



CITY OF BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General <u>Fund</u>	Sewer Use Fee <u>Fund</u>	Sales Tax <u>Fund</u>	<u>Totals</u>
ASSETS				
Cash	\$ 2,830,900	\$ 3,197,650	\$ 3,920,911	\$ 9,949,461
Pooled deposits	857,778	1,281,052	-	2,138,830
Receivables:				
Accounts	-	224,723	-	224,723
Taxes	75,888	-	-	75,888
Inventory	43,708	-	-	43,708
Due from other governments	346,367	-	-	346,367
Restricted assets:				
Cash	14,458	927,725	1,354,011	2,296,194
Money market mutual funds	-	997,438	-	997,438
Total assets	<u>\$ 4,169,099</u>	<u>\$ 6,628,588</u>	<u>\$ 5,274,922</u>	<u>\$ 16,072,609</u>

(continued)

CITY OF BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)

June 30, 2021

	General <u>Fund</u>	Sewer Use Fee <u>Fund</u>	Sales Tax <u>Fund</u>	<u>Totals</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 456,532	\$ 5,389	\$ 2,143	\$ 464,064
Accrued salaries	<u>76,898</u>	<u>-</u>	<u>-</u>	<u>76,898</u>
Total liabilities	<u>\$ 533,430</u>	<u>\$ 5,389</u>	<u>\$ 2,143</u>	<u>\$ 540,962</u>
Fund balances:				
Nonspendable (inventory)	\$ 43,708	\$ -	\$ -	\$ 43,708
Restricted (debt service)	-	6,623,199	1,354,011	7,977,210
Assigned	-	-	3,918,768	3,918,768
Unassigned	<u>3,591,961</u>	<u>-</u>	<u>-</u>	<u>3,591,961</u>
Total fund balances	<u>\$ 3,635,669</u>	<u>\$ 6,623,199</u>	<u>\$ 5,272,779</u>	<u>\$ 15,531,647</u>
Total liabilities and fund balances	<u>\$ 4,169,099</u>	<u>\$ 6,628,588</u>	<u>\$ 5,274,922</u>	<u>\$ 16,072,609</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCES - GOVERNMENTAL FUNDS

As of and for the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Sewer Use Fee Fund</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 9,095,768	\$ -	\$ 1,143,817	\$ 10,239,585
Licenses and permits	438,427	-	-	438,427
Intergovernmental	2,972,500	709,162	-	3,681,662
Fees, charges, and commissions for services	304,157	1,562,116	-	1,866,273
Fines and forfeitures	76,307	-	-	76,307
Interest and miscellaneous	367,093	6,243	1,320	374,656
Total revenues	<u>\$ 13,254,252</u>	<u>\$ 2,277,521</u>	<u>\$ 1,145,137</u>	<u>\$ 16,676,910</u>
Expenditures:				
Current:				
General government	\$ 4,421,937	\$ -	\$ -	\$ 4,421,937
Public safety	5,270,802	-	-	5,270,802
Public works	1,468,649	-	31,637	1,500,286
Sanitation	1,305,273	806,111	-	2,111,384
Economic development	10,000	-	-	10,000
Debt service:				
Principal	752,024	340,000	588,893	1,680,917
Interest and fiscal charges	21,306	108,785	70,294	200,385
Capital outlay	263,172	36,659	288,250	588,081
Total expenditures	<u>\$ 13,513,163</u>	<u>\$ 1,291,555</u>	<u>\$ 979,074</u>	<u>\$ 15,783,792</u>

(continued)

CITY OF BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)

As of and for the Year Ended June 30, 2021

	General <u>Fund</u>	Sewer Use Fee <u>Fund</u>	Sales Tax <u>Fund</u>	<u>Totals</u>
Excess (deficiency) of revenues over expenditures	\$( 258,911) \$	985,966 \$	166,063 \$	\$ 893,118
Other financing sources:				
Revenue anticipation note proceeds	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
Net change in fund balances	\$ 441,089 \$	\$ 985,966 \$	\$ 166,063 \$	\$ 1,593,118
Fund balances - beginning	<u>3,194,580</u>	<u>5,637,233</u>	<u>5,106,716</u>	<u>13,938,529</u>
Fund balances - ending	<u>\$ 3,635,669</u>	<u>\$ 6,623,199</u>	<u>\$ 5,272,779</u>	<u>\$ 15,531,647</u>

See notes to financial statements.



CITY OF BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION  
June 30, 2021

Total fund balances - governmental funds balance sheet	\$ 15,531,647
Amounts reported for governmental activities in statement of net assets are different because:	
Certain revenues are not currently available at the end of the City's fiscal year and are not reported in the funds.	76,109
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,137,642
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	( 8,182,817)
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.	( 7,863,913)
Net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.	1,074,889
Contributions to the OPEB obligation are reported as expenditures in the governmental funds. However, these amounts are reported as a reduction of long-term liabilities in the governmental activities.	<u>( 16,477,423)</u>
Total net position of governmental activities (deficit) - government-wide statement of net position	<u><u>\$ ( 4,703,866)</u></u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

June 30, 2021

Net change in fund balances - governmental funds \$ 1,593,118

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$588,081) exceeded depreciation expense (\$473,726) in the current period. 114,355

Governmental funds do not report some revenues because they will not be collected for some time after fiscal year-end and are not "available" revenues. 27,293

Governmental funds report principal and interest payments on long-term obligations as an expense when actually paid. However, in the statement of activities, interest is expensed as accrued and principal payments are reported as reductions of the related debt. Long-term debt proceeds are reported as other financing sources in the governmental funds while as increases of debt in the statement of net position. This is the amount related to these reporting differences. 1,009,076

Proportionate share of non-employer contributions to pension plans do not provide current financial resources and are not reported as revenue in the governmental funds. 222,548

(continued)

CITY OF BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued)

June 30, 2021

Other	( 29,038)
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Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the proportionate share of the plans' pension expense is reported as such.	67,388
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OPEB obligations reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>( 477,718)</u>
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Changes in net assets of governmental activities - government-wide statement of activities	<u>\$ 2,527,022</u>
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See notes to financial statements.

## CITY OF BASTROP, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2021

#### Note 1. Organization and Summary of Significant Accounting Policies

City of Bastrop, Louisiana (the "City"), operates under a mayor-board of aldermen form of government in accordance with the provisions of the charter adopted July 3, 1952. Citizens elect the mayor (at large) and five council members (by districts) who are each compensated. The City is located in northeast Louisiana, its population is approximately 11,000, and it employs approximately 140 people.

The following services are provided as authorized by its charter: general administrative services, public safety (police and fire), public works (building maintenance, cemetery, health, recreation, and streets), sanitation, and public improvements.

GASB Statement No. 14, *The Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units- an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the City is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statements No. 14 and 39, fiscally independent means that the City 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.

The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the municipality to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.



## NOTES TO FINANCIAL STATEMENTS

Based on the criteria, the City has determined that City of Bastrop Sales Tax District No. 1 is a component unit of the reporting entity. As required by generally accepted accounting principles (GAAP), these financial statements present the primary government (the City) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality, are blended component units. For a component unit to be blended, the organization's board and the municipality's must be substantively the same or the organization must provide services entirely or almost entirely to the municipality.

Also considered in the determination of component units of the reporting entity were Bastrop City Marshal and City Court of Bastrop. The day-to-day operations of the marshal and court are funded by the City's General Fund and their activities are primarily for residents of the City. However, the agency funds of these two entities are not shown in this report and their individual financial statements are available by contacting the entities. These governmental entities are staffed by independently elected officials and are legally separate from the City.

The more significant of the City's accounting policies are described below:

### Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements report governmental activities, generally supported by taxes and intergovernmental revenues. The City has no business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which include licenses, permits, fees, fines, forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported instead as general revenues.

## NOTES TO FINANCIAL STATEMENTS

### Fund Financial Statements:

Fund financial statements are provided for governmental funds with major individual governmental funds reported in separate columns.

### Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The financial statements of the City are prepared in accordance with GAAP. The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include services provided to City departments. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest related to long-term debt, as well as expenditures related to compensated absences, which are reported as expenditures only when payment is due.

Major revenue sources susceptible to accrual are ad valorem taxes, sales taxes, gross receipts taxes, intergovernmental revenues, and sewer use fees. In general, other revenues are recognized when cash is received.

### Fund Types and Major Funds:

The City reports the following major governmental funds:

General Fund - the general operating fund of the City and accounts for all financial resources, except those required to be accounted for in other funds.

## NOTES TO FINANCIAL STATEMENTS

Sewer Use Fee Fund - accounts for a dedicated source of revenue available for repayment of funds borrowed to make improvements to the sewage treatment and collection systems.

Sales Tax Fund - accounts for a dedicated source of revenue available for maintaining, improving, repairing, and extending streets, sidewalks, alleys, roadways, and related drainage within the territorial limits of City of Bastrop Sales Tax District No. 1.

### Budgets and Budgetary Accounting:

The Board of Aldermen adopted annual budgets for all of the governmental funds on June 25, 2020. The annual budgets were prepared in accordance with the basis of accounting utilized by the funds. The City Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures, resulting from revenues exceeding amounts estimated, must be approved by the Board of Aldermen. Final amendments were made to all budgets on June 30, 2021 and the budgetary comparison schedules, included as supplementary information in the accompanying financial statements, include the original and final amended budgeted amounts. All annual appropriations lapse at the end of each fiscal year.

### Use of Estimates:

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

### Cash:

Cash includes amounts in interest-bearing demand and time deposits. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### Money Market Mutual Funds and Pooled Deposits:

Money market mutual funds and pooled deposits are stated at fair value based on quoted market values. The fair value of the deposits is determined on a weekly basis to monitor any variances between amortized cost and market value. Legally binding guarantees have not been obtained to support the value of the deposits as all are short-term, highly-liquid securities.

## NOTES TO FINANCIAL STATEMENTS

State statutes authorize the City to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer in 1993 and organized under the laws of the State of Louisiana, which operates a local government investment pool.

### Receivables and Due From Other Governments:

Significant receivables include franchise taxes, intergovernmental revenues, and amounts due from customers for utility services. Un-billed utility service receivables resulting from utility services rendered from the last date prior to the end of the fiscal year that meters were read to the end of the fiscal year are included in the amounts recorded as due from utility customers. Revenues from grants are recorded as earned when eligibility requirements are met.

### Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. City management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

### Inventory:

Inventory of the General Fund consists of expendable supplies held for consumption and is reported at cost. Expenditures are recognized when the items are purchased.

### Interfund Transactions:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported as due to/from other funds (i.e. the current portion of interfund loans) in the fund financial statements.

Transfers and payments within the reporting entity that are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis are reported as operating transfers between funds of the reporting entity.

Interfund transactions are eliminated in the government-wide financial statement of activities within the segregated governmental activities.

## NOTES TO FINANCIAL STATEMENTS

### Restricted Assets:

Restricted assets are reported for cash and money market mutual funds legally restricted for specified uses such as payment of debt service and fiscal fees on long-term debt.

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

### Capital Assets and Depreciation:

Capital assets, which include property, plant, and equipment, with useful lives of more than one year, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are stated at fair value on the date of donation.

The City generally capitalizes all individual assets (including infrastructure) with costs of \$2,500 or more as purchase and construction outlays occur.

The costs of normal maintenance and repairs not adding to an asset's value or materially extending its useful life are not capitalized. Upon disposition of capital assets, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

As surplus assets are sold when declared no longer needed for public purposes, salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Machinery and equipment	5 - 15 years
Roads	20 years



## NOTES TO FINANCIAL STATEMENTS

### Accumulated Compensated Absences:

Allowable annual vacation and sick leave is prescribed by municipal ordinance, based on length of continuous employment by the City, accrued on an employment anniversary basis, and accrued to specified maximums. Compensatory time is also granted to supervisory personnel in lieu of overtime pay. Employees may accumulate unused compensatory time which is paid to the employee in the form of time off or at the employee's current rate of pay upon separation from service.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded as long-term liabilities in the government-wide financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Compensated absences are paid from the General Fund that is responsible for all employees' compensation and are recorded in the fund financial statements only when payment is actually made.

### Long-Term Liabilities:

Accrued compensated absences, outstanding debt, and the related accrued interest is reported as liabilities in the government-wide financial statements. The fund financial statements recognize proceeds of debt as other financing sources of the current period. Expenditures for compensated absences, long-term debt principal, and interest payments are recorded in the fund financial statements only when payment is due.

### Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System, the Firefighters Retirement System, and the Municipal Police Employees Retirement System (the "Plans"), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

### Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City's deferred outflows and deferred inflows are resources related to pensions.

### Equity Classifications:

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

1. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provision or enabling legislation.
3. Unrestricted - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund financial statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2012, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the City's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

## NOTES TO FINANCIAL STATEMENTS

2. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
3. Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint;
4. Assigned fund balance - amounts that the City intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
5. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

### Revenue Recognition - Ad Valorem and Sales/Use Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the City in September or October, are actually billed to the taxpayers in November, and are due and payable on or before December 31 of the same year or the unpaid taxes become delinquent. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish.

Sales/use taxes collected and held by other governments at year end on behalf of the City and those collected by other governments and remitted to the City within 60 days after June 30 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Sales and Use Tax Commission and remitted to the City.

### Note 2. Cash and Deposits

The following is a summary of cash and deposits of the City as of June 30, 2021:

Non-pooled deposits:	
Interest-bearing demand deposits	\$ 11,059,007
Petty cash	800
Money market mutual funds	1,314,536
Held by paying agent	868,750
Pooled deposits	<u>2,138,830</u>
	<u>\$ 15,381,923</u>

## NOTES TO FINANCIAL STATEMENTS

The non-pooled deposits are stated at cost, which approximates market. Under state law, the non-pooled 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 by the City or its agent in the name of the City in a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2021, the City had \$11,145,001 in non-pooled demand deposits (collected bank balances). These deposits were secured from risk by \$750,000 of federal deposit insurance and \$10,395,001 of pledged securities held by the City and the pledging financial institution's trust department or their agents in the City's name.

Collateralization is not required for investments in money market mutual funds.

Pooled deposits are held as of June 30, 2021 by Louisiana Asset Management Pool, Inc. (LAMP) and the corporate trust department of Regions Bank. In accordance with GASB, the pooled deposits held by the City as of June 30, 2020 are not categorized in the three risk categories provided by GASB because the pooled deposits are in pools of funds and thereby not evidenced by securities that exist in physical or book entry form.

LAMP is administered by a Louisiana non-profit corporation, LAMP, Inc., which is governed by a board of members elected by the pool's participants each year at the annual meeting. The objective of LAMP is to provide safety of principal and daily liquidity with a competitive rate of return. LAMP invests its assets only in securities and other obligations that are permissible under Louisiana state law for local governments. Regions Bank restricts its investments to securities issued, guaranteed, or otherwise backed by the U.S. Treasury, the U.S. government, or one of its agencies or instrumentalities, government-only money market funds rated AAAM by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's.

There were no repurchase or reverse repurchase agreements as of June 30, 2021.



## NOTES TO FINANCIAL STATEMENTS

### Note 3. Receivables and Due From Other Governments

The following is a summary of receivables and due from other governments of the governmental activities as of June 30, 2021:

	<u>General Fund</u>	<u>Sewer Use Fee Fund</u>	<u>Totals</u>
User fees:			
Sewer	\$ -	\$ 224,723	\$ 224,723
Taxes:			
Franchise	75,888	-	75,888
Intergovernmental:			
Federal	80,560		80,560
State	8,977	-	8,977
Local	<u>256,830</u>	<u>-</u>	<u>256,830</u>
	<u>\$ 422,255</u>	<u>\$ 224,723</u>	<u>\$ 646,978</u>

### Note 4. Taxes

For the year ended June 30, 2021, ad valorem taxes of 57.93 mills were levied on property with assessed valuations totaling \$49,194,605 as follows:

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General corporate purposes	13.50	13.72	Perpetual
Police	9.58	9.73	2021
Street improvements	9.58	9.73	2021
Sewer maintenance	9.58	9.73	2021
Fire (#1)	4.79	4.87	2021
Fire (#2)	4.55	4.62	2023
Recreation	3.61	3.67	2023
Cemetery	.92	.93	2023
Building maintenance	.92	.93	2023

The four tax millages that expired in 2021 were renewed in an election held on August 15, 2020.



## NOTES TO FINANCIAL STATEMENTS

The following are the principal ad valorem taxpayers for the City:

	<u>Assessed</u> <u>Valuation</u>	<u>Percentage of</u> <u>Total Assessed</u> <u>Valuation</u>	<u>Ad Valorem</u> <u>Tax Revenue</u>
Entergy Louisiana Holdings, Inc.	\$ 1,751,000	3.50%	\$ 235,825
Wal-Mart Real Estate Business Trust	1,496,379	2.96%	200,934
Simmons Sporting Goods	1,409,974	2.79%	189,331

Total ad valorem taxes levied were \$2,951,324. There were \$43,402 (not considered material to record) of uncollected ad valorem taxes as of June 30, 2021 on this levy.

The following sales and use taxes were levied as of June 30, 2021:

<u>Rate</u>	<u>Purpose</u>	<u>Expiration</u> <u>Date</u>
½%	any and all lawful municipal purposes	June 30, 2028
½%	any and all lawful municipal purposes	June 30, 2028
1%	any and all lawful municipal purposes	June 30, 2028
½%	general, fire, and police operations	Perpetual
½%	streets, sidewalks, alleys, roadways, and related drainage	December 31, 2024

### Note 5. Restricted Assets

Restricted assets, \$1,925,163 of the Sewer Use Fee Fund and \$1,354,011 of the Sales Tax Fund consist of funds required to be maintained and their use is restricted.

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Capital Assets and Depreciation

Capital assets and depreciation activity as of and for the year ended June 30, 2021 for the governmental activities is as follows:

	Balance - July 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Prior Period Adjustment/ <u>Reclassifications</u>	Balance - June 30, <u>2021</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,123,742	\$ 19,692	\$ -	\$ -	\$ 1,143,434
Capital assets being depreciated:					
Infrastructure	\$ 7,611,798	\$ -	\$ -	\$ -	\$ 7,611,798
Buildings and improvements	5,968,639	-	-	-	5,968,639
Machinery and equipment	7,177,284	568,389	( 41,091)	-	7,704,582
Total capital assets being depreciated	\$ 20,757,721	\$ 568,389	\$( 41,091)	\$ -	\$ 21,285,019
Less accumulated depreciation for:					
Infrastructure	\$ 1,616,779	\$ 210,362	\$ -	\$ -	\$ 1,827,141
Buildings and improvements	3,935,450	85,334	-	-	4,020,784
Machinery and equipment	5,264,856	178,030	( 38,671)	-	5,404,215
Total accumulated depreciation	\$ 10,817,085	\$ 473,726	\$( 38,671)	\$ -	\$ 11,252,140
Total capital assets being depreciated, net	\$ 9,940,636	\$ 94,663	\$( 2,420)	\$ -	\$ 10,032,879

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## NOTES TO FINANCIAL STATEMENTS

Depreciation expense of the City for the year ended June 30, 2021 was charged to the following governmental functions:

General government	\$ 124,271
Public safety	82,592
Public works	63,741
Sanitation	<u>203,122</u>
	<u>\$ 473,726</u>

### Note 7. Short-Term Debt

In August 2020, the City issued \$700,000 revenue anticipation notes for the purpose of paying current general expenses for the year ended June 30, 2021. The maturity date was on or before March 1, 2021 and the City paid the note in full with interest thereon in February 2021.

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Changes in Long-Term Debt

The following is a summary of capital leases, compensated absences, settlements, and revenue bond transactions of the governmental activities of the City for the year ended June 30, 2021:

	<u>General Fund</u>				<u>Sewer Use Fee Fund</u>		<u>Sales Tax Fund</u>	
	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Firemen's Lawsuit</u>	<u>Building</u>	<u>Sewer Revenue Bonds</u>	<u>Sewer Refunding Revenue Bonds</u>	<u>Capital Lease</u>	<u>Sales Tax Revenue Bonds</u>
Long-term debt payable - July 1, 2020	\$ 309,426	\$ 153,031	\$ 1,673,806	\$ 346,766	\$ 1,580,000	\$ 2,025,000	\$ 136,375	\$ 2,910,000
Additions	-	26,618	-	-	-	-	-	-
Retirements	( 52,024)	-	-	( 24,000)	( 120,000)	( 220,000)	( 33,893)	( 555,000)
Long-term debt payable - June 30, 2021	<u>\$ 257,402</u>	<u>\$ 179,649</u>	<u>\$ 1,673,806</u>	<u>\$ 322,766</u>	<u>\$ 1,460,000</u>	<u>\$ 1,805,000</u>	<u>\$ 102,482</u>	<u>\$ 2,355,000</u>

The following is a summary of the current (due within one year) and long-term (due in more than one year) portions of the above long-term debt obligations of the governmental activities as of June 30, 2021:

	<u>General Fund</u>				<u>Sewer Use Fee Fund</u>		<u>Sales Tax Fund</u>	
	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Firemen's Lawsuit</u>	<u>Building</u>	<u>Sewer Revenue Bonds</u>	<u>Sewer Refunding Revenue Bonds</u>	<u>Capital Lease</u>	<u>Sales Tax Revenue Bonds</u>
Current portion	\$ 54,715	\$ 109,016	\$ -	\$ 24,000	\$ 125,000	\$ 225,000	\$ 35,056	\$ 570,000
Long-term portion	<u>202,687</u>	<u>70,633</u>	<u>1,673,806</u>	<u>298,766</u>	<u>1,335,000</u>	<u>1,580,000</u>	<u>67,426</u>	<u>1,785,000</u>
Total due	<u>\$ 257,402</u>	<u>\$ 179,649</u>	<u>\$ 1,673,806</u>	<u>\$ 322,766</u>	<u>\$ 1,460,000</u>	<u>\$ 1,085,000</u>	<u>\$ 102,481</u>	<u>\$ 2,355,000</u>

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## NOTES TO FINANCIAL STATEMENTS

The outstanding revenue bonds as of June 30, 2021 are comprised of the following individual issues:

\$1,700,000 Sewer Revenue Bonds, Series 2015 - dated November 1, 2015, bear interest at 4.10% per annum, interest due May 1 and November 1 of each year, principal payable November 1 of each year, beginning in November 2019.

The bonds were issued for the purposes of (1) financing the acquisition, construction, repair, replacement and/or rehabilitation of existing lift stations as well as other lift stations and other treatment and/or collection facilities including the acquisition and installation of equipment related thereto, (2) fund a debt service reserve fund, and (3) paying the cost of issuance of the bonds.

\$4,470,000 Sewer Refunding Revenue Bonds, Series 2012 - dated November 20, 2012, bear interest ranging from 2.00% to 2.55% per annum, interest due May 1 and November 1 of each year, principal payable May 1 of each year.

The proceeds of the sewer refunding revenue bonds were used to refund the 1994 issue during the fiscal year ended June 30, 2013 and to refund both the 2002 and 2003 issues during the fiscal year ended June 30, 2014.

\$5,000,000 Sales Tax Revenue Bonds, Series 2016 - dated March 29, 2016, bear interest at 2.30% per annum, interest due June 1 and December 1 of each year, principal payable December 1 of each year.

The bonds were issued for the purposes of (1) financing the costs of improving, repairing and extending the streets, sidewalks, alleys, roadways, and related drainage and (3) paying the cost of issuance of the bonds.



## NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize the revenue bonds of the governmental activities as of June 30, 2021 are as follows:

Year Ending June 30,	Sewer Use Fee Fund		Sales Tax Fund	Totals
	Sewer Revenue Bonds	Sewer Refunding Revenue Bonds	Sales Tax Revenue Bonds	
2022	\$ 125,000	\$ 225,000	\$ 570,000	\$ 920,000
2023	125,000	230,000	580,000	935,000
2024	130,000	230,000	595,000	955,000
2025	130,000	235,000	610,000	975,000
2026	135,000	245,000	-	380,000
2027 - 31	560,000	640,000	-	1,200,000
2032 - 33	<u>255,000</u>	<u>-</u>	<u>-</u>	<u>255,000</u>
Totals	<u>\$ 1,460,000</u>	<u>\$ 1,805,000</u>	<u>\$ 2,355,000</u>	<u>\$ 5,620,000</u>

The City incurred and charged to expense \$200,385 of interest costs and fiscal charges during the year ended June 30, 2021 on a revenue anticipation note, capital leases, settlements, and revenue bonds. The annual requirements to amortize all interest and fiscal charges applicable to the revenue bonds of the governmental activities as of June 30, 2021 are as follows:

Year Ending June 30,	Sewer Use <u>Fee Fund</u>		Sales Tax <u>Fund</u>		<u>Totals</u>
	Sewer Revenue <u>Bonds</u>	Sewer Refunding Revenue <u>Bonds</u>	Sales Tax Revenue <u>Bonds</u>		
2022	\$ 57,298	\$ 39,015	\$ 50,094	\$	146,407
2023	52,173	34,465	36,179		122,817
2024	46,945	29,635	21,962		98,542
2025	41,615	24,402	7,381		73,398
2026	36,183	18,821			55,004
2027 - 31	111,930	21,231	-		133,161
2032 - 33	<u>10,558</u>	<u>-</u>	<u>-</u>		<u>10,558</u>
Totals	\$ 356,702	\$ 167,569	\$ 115,616	\$	639,887

## NOTES TO FINANCIAL STATEMENTS

The outstanding capital lease agreements as of June 30, 2021 are comprised of the following:

Lease for tractor with original recorded amount of \$118,364. The lease payments will be made by the General Fund and paid in full during the year ending June 30, 2023. Future minimum lease payments as of June 30, 2021 are \$39,764 of which \$2,059 represents interest.

Lease for fire truck with original recorded amount of \$300,000. The lease payments will be made by the General Fund and paid in full during the year ending June 30, 2028. Future minimum lease payments as of June 30, 2021 are \$248,703 of which \$21,976 represents interest.

Lease for asphalt patcher with original recorded amount of \$206,000. The lease payments will be made by the Sales Tax Fund and paid in full during the year ending June 30, 2024. Future minimum lease payments as of June 30, 2021 are \$107,611 of which \$5,130 represents interest.

As of June 30, 2021, employees of the City had accumulated and vested \$179,649 of employee leave benefits that will be liquidated by the General Fund. Payment of such benefits is dependent upon many factors; therefore, timing of future payments is not readily determinable.

### Note 9. Workout Agreement and Pledge of Leases and Rents

On December 15, 2018, the City entered into a workout agreement and pledge of leases and rents with Louisiana Department of Economic Development ("LED"). LED entered into a cooperative endeavor agreement in connection with a economic development award program ("EDAP") effective October 17, 2014 with Flying Tiger Aviation, L.L.C. ("Company") as the awardee, the City as the sponsoring entity and solidarity obligor with the Company, and two guarantors.

The Company ceased doing business and the guarantors each filed bankruptcy proceedings. The Company, the City, and guarantors were in default of their obligations under the EDAP. The City reached an agreement for a repayment plan of the debt owed under the EDAP to the LED. As part of the agreement, the City agreed to pledge to the LED the leases and rents generated by the reletting of the space formerly occupied by the Company.

The amount owed to LED by the City under the terms of the EDAP was the principal amount of \$376,691, plus interest thereon at the rate of 12% per annum. The City shall pay to LED monthly payments of \$2,000 commencing on January 15, 2019 and continuing on the 15<sup>th</sup> day of each succeeding month thereafter until the total unpaid balance has been credited and paid in full. During the initial term, the monthly payment amounts were discounted for the first six months only.



## NOTES TO FINANCIAL STATEMENTS

Provided the principal amount of \$376,691 is paid in full under the terms of the agreement, LED will waive all accrued interest on the principal amount. As of June 30, 2021, all monthly payments had been timely paid and the principal balance of the workout agreement was \$322,766.

### Note 10. Judgment Rendered

A final judgment has been rendered against the City in the amount of \$1,673,806 plus judicial interest in the aggregate for all salary, longevity pay, and overtime wages that the City failed to pay as required by law to firemen. The judgment amount has been recorded in the government-wide financial statements as long-term liabilities due in more than one year. As of the date of this report, the City made an initial payment of \$470,644 that was being held in a trust account until such time that the City approved the partial satisfaction of judgment.

### Note 11. Fund Balances

Inventory at year end is equally offset by an unexpendable fund balance amount in the General Fund under the purchase method.

Revenues collected by the Sewer Use Fee Fund are dedicated for repayment of funds borrowed for acquisition, construction, and improvements to the sewage and wastewater collection, treatment, and disposal systems; therefore fund balance is restricted. Likewise, fund balance of the Sales Tax Fund has been restricted or assigned as revenues collected by the fund are dedicated for debt repayment, maintaining, improving, repairing, and extending streets and related improvements.

### Note 12. Deferred Compensation Plan

The City offers all full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency except for a one-time withdrawal which is subject to certain restrictions.

All assets of the plan, including all deferred amounts, property, and rights purchased with deferred amounts, and all income attributable to such deferred amounts, property, or rights, are held in a qualified trust, custodial account, or annuity contract for the exclusive benefit of the participants and beneficiaries. The assets are not subject to the claims of the City's creditors nor can they be used by the City for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

## NOTES TO FINANCIAL STATEMENTS

### Note 13. Pension Plans and Other Pension Liabilities

For the year ended June 30, 2021, the City paid retirement benefits of \$45,721 from the General Fund to firemen who were already receiving benefits prior to December 1981. In December 1981, active City firemen were accepted into the Firefighters' Retirement System of Louisiana.

The City's employees are provided with benefits through the following multiple-employer cost-sharing plans:

- Municipal Employees Retirement System (Plan A) ("MERS") provides retirement benefits to employees of all incorporated villages, towns, and cities within the state that do not have their own retirement system and have elected to become members of the system.
- Municipal Police Employees Retirement System ("MPERS") provides retirement benefits to municipal police officers.
- Firefighters' Retirement System ("FRS") provides retirement benefits to firefighters.

#### General Information About the Plans:

- MERS membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership, with exceptions outlined in the Louisiana Revised Statutes. The City participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:
  - Any age with 25 or more years of creditable service
  - Age 60 with a minimum of 10 years creditable service
  - Any age with 5 years of creditable service for disability benefits
  - Survivor's benefits require 5 years of creditable service at death of member
  - Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

## NOTES TO FINANCIAL STATEMENTS

For members hired after January 1, 2013, benefits are provided to any member of Plan A meeting one of the following criteria:

- Age 67 with 7 or more years of creditable service
- Age 62 with 10 or more years of creditable service
- Age 55 with 30 or more years of creditable service
- Any age with 25 years of service, exclusive of military service and unused side leave, with an actuarially reduced early benefit.

Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Survivor, death, and disability benefits are also provided under the plan.

In lieu of terminating employment and accepting a service retirement allowance, any member 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 such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

For the year ended June 30, 2020, the actual employer contribution rate was 27.75%, determined actuarially. According to state statute, the contribution requirements for all employers are actuarially determined each year.

MERS receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from nonemployer contributing entities, but are not considered as special funding situations.



## NOTES TO FINANCIAL STATEMENTS

The estimated real rate of return for each major asset class is as follows:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Public fixed income	38%	1.67%
Public equity	53%	2.33%
Alternatives	<u>9%</u>	<u>0.40%</u>
Totals	<u>100%</u>	4.40%
Inflation		<u>2.60%</u>
Expected arithmetic nominal return		<u>6.60%</u>

Under Plan A, members are required by state statute to contribute 10.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 32.25% of annual covered payroll. Contributions to the System also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ended June 30, 2021, 2020, and 2019 were \$327,438, \$312,375, and \$333,819, respectively, equal to the required contributions for each year.

- MPERS membership is mandatory for any full-time police officer employed by a municipality of the state and engaged in law enforcement, empowered to make arrests, provided that the officer is not required to pay Social Security, and otherwise meets statutory criteria. For members hired before January 1, 2013, the plan provides retirement benefits to any member who has:
  - 25 years of creditable service, or
  - 20 years of creditable service who has attained age 50, or
  - 12 years of service who has attained age 55, or
  - 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3 % of average final compensation (average monthly earnings during the highest 36 consecutive months) times the number of years' service, not to exceed 100% of final salary.

## NOTES TO FINANCIAL STATEMENTS

For members hired after January 1, 2013, benefits are based on the Hazardous Duty sub-plan or the Nonhazardous Duty sub-plan. Under the Hazardous Duty sub-plan, a member is eligible for benefits after:

- 25 years of creditable service at any age, or
- 12 years of creditable service at age 55.

Under the Nonhazardous Duty sub-plan, a member is eligible for benefits after:

- 30 years of creditable service at any age, or
- 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 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3% and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months) times the number of years of creditable service, not to exceed 100% of final salary.

The plan also provides survivor, death, and disability benefits.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the DROP for up to three years and defer the receipt of benefits. During such period, both employer and employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return less one-half percentage point on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, 2020, employer contributions were 32.50%.

MPERS plan also receives insurance premium tax monies appropriated by the state legislature as additional employer contributions and considered support from a nonemployer contributing entity, but not considered a special funding situation.



## NOTES TO FINANCIAL STATEMENTS

The estimated real rate of return for each major asset class is as follows:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Fixed income	33.5%	0.54%
Equity	48.5%	3.08%
Alternatives	18.0%	1.02%
Other	<u>0.0%</u>	<u>0.0%</u>
Totals	<u>100%</u>	4.64%
Inflation		<u>2.55%</u>
Expected arithmetic nominal return		<u>7.19%</u>

Plan members are required by state statute to contribute 9.35% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 33.75% for Nonhazardous Duty employees and for Hazardous Duty employees. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2021, 2020, and 2019 were \$227,899, \$208,683, and \$254,824, respectively, equal to the required contributions for each year.

- FRS membership is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district, in addition to employees of the FRS. Persons must be under the age of 50 to be eligible for membership, unless they become members through merger.

Members are eligible for retirement benefits after:

- 12 years of creditable service at age 55, or
- 20 years of creditable service at age 50, or
- 25 years of creditable service at any age

The retirement allowance is equal to 3 1/3% of the member's average final compensation times the years of creditable service, not to exceed 100% of average final compensation. Members may receive benefits as a life annuity, or at the member's option, may receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit:

## NOTES TO FINANCIAL STATEMENTS

- Option 1 – If member dies before receiving in annuity payments the present value of member's annuity as it was at retirement, the balance is paid to member's beneficiary
- Option 2 – Upon retirement, member receives a reduced benefit. Upon member's death, designated beneficiary will continue to receive the same reduced benefit.
- Option 3 – Upon retirement, member receives a reduced benefit. Upon member's death, designated beneficiary will receive one-half of member's reduced benefit.
- Option 4 – Upon retirement, member elects to receive a board-approved benefit payable to the member, the member's spouse, or the member's dependent child, which is actuarially equivalent to the maximum benefit.

An initial benefit option is available to regular retirees who have not participated in the DROP. Under this option, members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equal the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to 36 payments of the member's maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an "initial benefit account" with interest credited thereto and monthly payments made from the account. A member may also elect to receive a reduced benefit which provides for an automatic 2.5% annual compound increase in monthly benefits based on the reduced benefit and commencing on the later of age 55 or retirement anniversary; this cost-of-living-adjustment ("COLA") is in addition to any ad hoc COLAs which are payable.

The plan also provides survivor, death, and disability benefits.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the DROP for up to three years and defer the receipt of benefits. During such period, both employer and employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Upon termination of employment at the end of the specified period of participation, a participant may receive, at the participant's option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon the account, or may elect any other method of payment if approved by the board of trustees.

## NOTES TO FINANCIAL STATEMENTS

Contributions to the plan are made by employers, employees and insurance premium taxes. The employee rate is set by statute, but cannot be less than 8% or more than 10% of compensation. The employer contributions are actuarially determined and subject to change each year. For the year ended June 30, 2020, employer contribution rates were 27.75% . Insurance premium taxes are allocated to the system based on available funds and statutory provisions.

The estimated real rate of return for each major asset class is as follows:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Fixed income	31%	1.20%
Equity	54%	2.05%
Alternatives	15%	1.25%
Other	<u>0%</u>	<u>0%</u>
Totals	<u>100%</u>	4.50%
Inflation		<u>2.50%</u>
Expected arithmetic nominal return		<u>7.00%</u>

Plan members are required by state statute to contribute 10.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 27.75% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System for the years ended June 30, 2021, 2020, and 2019 were \$402,586, \$339,187, and \$318,041, respectively, equal to the required contributions for each year.

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

For the years ended June 30, the City reported its proportionate shares of the net pension liability of the plans as follows:

	<u>2021</u>	<u>2020</u>
MERS	\$ 2,546,276	\$ 2,892,699
MPERS	1,921,351	2,301,015
FRS	<u>3,396,791</u>	<u>3,109,495</u>
	<u>\$ 7,863,913</u>	<u>\$ 8,303,209</u>



## NOTES TO FINANCIAL STATEMENTS

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on projections of the City's long-term share of contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. For the years ended June 30, the City's proportionate shares of each plan were as follows:

	<u>2021</u>	<u>2020</u>
MERS	.59%	.69%
MPERS	.21%	.25%
FRS	.49%	.50%

For the years ended June 30, contributions by nonemployers were as follows:

	<u>2021</u>	<u>2020</u>
MERS	\$ 39,955	\$ 44,423
MPERS	45,313	52,162
FRS	<u>137,280</u>	<u>133,119</u>
	<u>\$ 222,548</u>	<u>\$ 229,704</u>

For the years ended June 30, the City recognized pension expense as follows:

	<u>2021</u>	<u>2020</u>
MERS	\$ 228,378	\$ 5557,702
MPERS	161,395	362,281
FRS	<u>504,699</u>	<u>531,217</u>
	<u>\$ 894,472</u>	<u>\$ 1,451,200</u>

## NOTES TO FINANCIAL STATEMENTS

In addition, for the years ended June 30, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>2021</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Totals</u>
Deferred outflows of resources:				
Changes in proportion	\$ -	\$ 18,385	\$ 66,401	\$ 335,459
Changes in assumptions	42,837	45,656	328,413	458,533
Differences between expected and actual experience	1,181	-	-	11,148
Net difference between projected and actual earnings on pension plan investments	254,092	230,504	374,020	782,553
City's contributions subsequent to the measurement date	<u>327,438</u>	<u>227,899</u>	<u>402,586</u>	<u>906,308</u>
Total deferred outflows of resources	<u>\$ 625,548</u>	<u>\$ 522,444</u>	<u>\$1,171,321</u>	<u>\$2,319,313</u>
Deferred inflows of resources:				
Changes in proportion	\$ 323,442	\$ 435,594	\$ 130,561	\$ 271,500
Differences between expected and actual experience	14,436	75,681	217,294	458,720
Changes in assumptions	<u>-</u>	<u>47,416</u>	<u>-</u>	<u>463</u>
Total deferred inflows of resources	<u>\$ 337,878</u>	<u>\$ 558,691</u>	<u>\$ 347,855</u>	<u>\$1,244,424</u>

# NOTES TO FINANCIAL STATEMENTS

<u>2020</u>	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>	<u>Totals</u>
Deferred outflows of resources:				
Changes in proportion	\$ 18,962	\$ 41,565	\$ 110,223	\$ 335,459
Changes in assumptions	73,101	128,945	282,888	458,533
Differences between expected and actual experience	-	4,828	-	11,148
Net difference between projected and actual earnings on pension plan investments	286,894	149,493	209,105	782,553
City's contributions subsequent to the measurement date	<u>312,375</u>	<u>208,683</u>	<u>339,187</u>	<u>906,308</u>
Total deferred outflows of resources	<u>\$ 691,332</u>	<u>\$ 533,514</u>	<u>\$ 941,413</u>	<u>\$2,166,259</u>
Deferred inflows of resources:				
Changes in proportion	\$ 128,907	\$ 231,606	\$ 215,598	\$ 271,500
Differences between expected and actual experience	70,580	70,792	224,301	458,720
Changes in assumptions	<u>-</u>	<u>-</u>	<u>226</u>	<u>463</u>
Total deferred inflows of resources	<u>\$ 199,487</u>	<u>\$ 302,398</u>	<u>\$ 440,125</u>	<u>\$ 942,010</u>

## NOTES TO FINANCIAL STATEMENTS

The deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	
2022	\$( 155,274)
2023	( 21,944)
2024	125,061
2025	161,335
2026	4,729
Thereafter	3,060

### Actuarial Assumptions:

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	<u>MERS</u>	<u>MPERS</u>	<u>FRS</u>
Inflation	2.50%	2.50%	2.50%
Salary increases	4.50 - 6.40%	vary from 12.30% for first two years of service to 4.70% after 23 years	vary from 14.10% for first two years of service to 4.50% after 25 years
Investment rate of return	6.95%	6.95%	7.00%
Actuarial cost method	entry age normal	entry age normal	entry age normal
Expected remaining service lives	3 years	4 years	7 years

Mortality rates were based on the PubG-2010 Employee Table for active members, Healthy Retire Table for healthy annuitants, and Disabled Retiree Tables for disabled annuitants. Mortality rate assumptions for the other plans were based on experience studies performed on plan data (for the period July 1, 2013 through June 30, 2018).



## NOTES TO FINANCIAL STATEMENTS

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the City will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Shares of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the City's proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the City's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2020:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS (current rate 6.95%)	\$ 3,312,426	\$ 2,546,276	\$ 1,898,464
MPERS (current rate 6.95%)	2,699,293	1,921,351	1,271,023
FRS (current rate 7.00%)	<u>4,905,901</u>	<u>3,396,286</u>	<u>2,136,203</u>
Totals	<u>\$ 10,917,620</u>	<u>\$ 7,863,913</u>	<u>\$ 5,305,690</u>

Pension Plan Fiduciary Net Position:

Detailed information about the plans' fiduciary net position is available in the separately issued financial statements of the plans.



## NOTES TO FINANCIAL STATEMENTS

### Note 14. Postemployment Benefits Other than Pensions

#### Benefits and Contributions:

The City provides fully insured medical insurance coverage for current and retired employees (and eligible dependents). The plan does not issue a stand-alone financial report. Additionally, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*.

To be eligible to continue coverage under the City's plan, an employee must retire from the City and receive or be eligible to receive retirement funds through Deferred Normal Retirement/Vesting or Disable Retirement from MERS, MPERS, or FRS.

The retirees are required to contribute a portion of the premium rate depending on the medical plan option.

#### Employees Covered by Benefit Terms:

As of June 30, 2021, 108 inactive employees and 114 active employees were currently receiving benefit payments.

#### Actuarial Assumptions and Other Inputs:

The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	July 1, 2019
Inflation	2.40%
Salary increases	3.00%
Discount rate	1.92%
Prior year discount rate	2.45%
Health care cost trend rates	3.00% - 5.00% annually

The City pays the Freedom employee only rate plus \$100 of the monthly premium for the dependents. The retiree pays the difference. Surviving spouses are required to pay the full premium.

The discount rate was based on the June 30, 2021 Fidelity General Obligation AA 20-Year Yield.

## NOTES TO FINANCIAL STATEMENTS

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retired employees were based on the PubG.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for disabled employees were based on the PubG.H-2010 Disabled Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

### Changes in Total OPEB Liability:

Balance - June 30, 2020	<u>\$ 15,999,705</u>
Changes for the year:	
Service cost	\$ 441,221
Interest	310,301
Difference between actual and expected experience	( 319,335)
Changes in assumptions/inputs	604,310
Benefit payments	<u>( 558,780)</u>
Net changes	<u>\$ 447,718</u>
Balance - June 30, 2021	<u><u>\$ 16,477,423</u></u>

### Sensitivity of Total OPEB Liability:

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Discount rate	\$18,965,170	\$16,477,423	\$14,453,887
Healthcare cost trend rates	\$14,054,923	\$16,477,423	\$19,567,006

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

OPEB expense:	
Service cost	\$ 441,221
Interest	310,301
Difference between actual and expected experience	( 217,587)
Changes in assumptions/inputs	<u>996,842</u>
Total OPEB expense	<u><u>\$ 1,530,777</u></u>

## NOTES TO FINANCIAL STATEMENTS

### Deferred outflows and inflows:

	<u>Outflows</u>	<u>Inflows</u>
Difference between actual and expected experience	\$ -	\$ 376,275
Changes of assumptions or other inputs	<u>877,719</u>	<u>-</u>
Total deferred outflows and inflows	<u>\$ 877,719</u>	<u>\$ 376,275</u>

Amounts reported and deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized in OPEB expense in the years ended June 30, 2022 and 2021 as \$406,453 and \$94,992, respectively.

### Note 15. Operating Leases

As of June 30, 2021, the City had entered into three equipment operating leases having initial or remaining noncancellable terms in excess of one year. The minimum annual commitment to be paid from the General Fund and Sales Tax Fund under the leases is not considered material to disclose.

The City made total principal and interest payments of \$63,598 from the General Fund and \$37,980 from Sales Tax Fund, respectively, during the year ended June 30, 2021 under operating leases.

### Note 16. Agreement for Operations, Maintenance, and Management Services

An agreement was entered into between the City and Veolia Water North America - South LLC ("Veolia") on December 20, 2012, for five successive, one-year terms, commencing July 1, 2012 for Veolia to operate, maintain, and manage services of the City's wastewater and related treatment facilities. Veolia's compensation under this agreement consists of an annual fee that will be negotiated each year and the maintenance and repair limit fee that will be true-up on a quarterly basis. One-twelfth of the annual fee shall be due and payable on the first of each month that services are provided while all other compensation to Veolia is due upon receipt of Veolia's invoice.

Since the ending of the original five years, the agreement has been amended to extend the contract for in one year increments with adjustments to the annual fee and additional maintenance and repair limit fee. All other terms of the agreement remain unmodified and in full force and effect.

The annual fee paid by the City to Veolia for the fiscal year ended June 30, 2021 was \$1,133,834

## NOTES TO FINANCIAL STATEMENTS

### Note 17. Cooperative Endeavor Agreements

On September 11, 2013, the City and Bastrop Area Fire Protection District No. 2 (the "District") entered into a cooperative endeavor agreement effective July 1, 2013 and expiring June 30, 2015 for the City to defray the expenses or costs associated with furnishing fire protection to the citizens of the District.

During the first year of the agreement, the District agreed to pay the City \$800,000. Additional amounts as may be necessary to cover the actual costs incurred by the City will be negotiated at least annually (and more often, if required) on or before the first Wednesday in June of each year. The agreement has been renewed for additional two year periods with the same terms effective July 1, 2015. As of the date of this report, the current two year period will expire on June 30, 2023.

### Note 18. Contingencies and Risk Management

Other than discussed in Note 10, as of the date of this report, there were no pending or threatening litigation suits involving the City.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. There were no significant reductions in the insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2021 may be impaired. In the opinion of City management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

## NOTES TO FINANCIAL STATEMENTS

### Note 19. Subsequent Events (unaudited)

On March 20, 2021, an election was held in the City. The qualified voters authorized levying and collecting 1.4 mills for a period of 10 years, beginning with 2021 and ending with year 2030. The purpose of such levy was to provide additional funding to the City's fire department.

The COVID-19 pandemic had financial and economic impacts on the City that will potentially continue for several years. The recovery of the local economy and the return of City revenue to pre-COVID levels will depend on many factors that are still unknown.

The American Rescue Plan Act ("ARPA") was signed into law on March 11, 2021 providing additional financial relief to the effects of the pandemic. The City expects to receive total funding of \$3,710,000. These funds may be used to cover qualifying costs obligated between March 31, 2021 and December 31, 2024 and expended by December 31, 2026.

The City has evaluated subsequent events through December 20, 2022, the date which the financial statements were available to be issued.



REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL - GOVERNMENTAL FUND - GENERAL FUND

As of and for the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 7,406,100	\$ 9,087,543	\$ 9,095,768	\$ 8,225
Licenses and permits	375,000	438,039	438,427	388
Intergovernmental	2,031,115	3,065,762	2,972,500	( 93,262)
Fees, charges, and commission for services	363,718	293,567	304,157	10,590
Fines and forfeitures	55,100	71,049	76,307	5,258
Interest and miscellaneous	<u>299,650</u>	<u>465,898</u>	<u>367,093</u>	<u>( 98,805)</u>
Total revenues	<u>\$ 10,530,683</u>	<u>\$ 13,421,858</u>	<u>\$ 13,254,252</u>	<u>\$ ( 167,606)</u>
Expenditures:				
Current:				
General government	\$ 3,408,253	\$ 4,537,031	\$ 4,421,937	\$ 115,094
Public safety	5,903,639	5,349,327	5,270,802	78,525
Public works	1,942,924	1,525,973	1,468,649	57,324
Sanitation	1,362,051	1,292,532	1,305,273	( 12,741)
Economic development	10,000	10,000	10,000	-
Debt service:				
Principal	700,000	709,732	752,024	( 42,292)
Interest and fiscal charges	-	-	21,306	( 21,306)
Capital outlay	<u>-</u>	<u>102,750</u>	<u>263,172</u>	<u>( 160,422)</u>
Total expenditures	<u>\$ 13,326,867</u>	<u>\$ 13,527,345</u>	<u>\$ 13,513,163</u>	<u>\$ 14,182</u>

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL - GOVERNMENTAL FUND -

GENERAL FUND (Continued)

As of and for the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>\$( 2,796,184)</u>	<u>\$( 105,487)</u>	<u>\$( 258,911)</u>	<u>\$( 153,424)</u>
Other financing sources:				
Sale of fixed assets	\$ -	\$ -	\$ -	\$ -
Revenue anticipation note proceeds	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
Total other financing sources	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ -</u>
Net change in fund balance	<u>\$( 2,096,184)</u>	<u>\$ 594,513</u>	<u>\$ 441,089</u>	<u>\$( 153,424)</u>
Fund balance - beginning	<u>2,523,816</u>	<u>2,523,816</u>	<u>3,194,580</u>	<u>670,764</u>
Fund balance - ending	<u>\$ 427,632</u>	<u>\$ 3,118,329</u>	<u>\$ 3,635,669</u>	<u>\$ 517,340</u>

CITY OF BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL - GOVERNMENTAL FUND - SEWER USE FEE FUND

As of and for the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 691,010	\$ 709,162	\$ 709,162	\$ -
Fees, charges, and commissions for services	1,601,200	1,599,100	1,562,116	( 36,984)
Interest and miscellaneous	<u>30,000</u>	<u>5,729</u>	<u>6,243</u>	<u>514</u>
Total revenues	<u>\$ 2,322,210</u>	<u>\$ 2,313,991</u>	<u>\$ 2,277,521</u>	<u>\$ ( 36,470)</u>
Expenditures:				
Current:				
Sanitation	\$ 1,084,549	\$ 1,010,990	\$ 806,111	\$ 204,879
Debt service:				
Principal	448,290	-	340,000	( 340,000)
Interest and fiscal charge	-	189,534	108,785	80,749
Capital outlay	<u>111,000</u>	<u>38,031</u>	<u>36,659</u>	<u>1,372</u>
Total expenditures	<u>\$ 1,643,839</u>	<u>\$ 1,238,555</u>	<u>\$ 1,291,555</u>	<u>\$ ( 53,000)</u>
Net change in fund balance	\$ 678,371	\$ 1,075,436	\$ 985,966	\$ ( 89,470)
Fund balance - beginning	<u>4,773,217</u>	<u>5,637,233</u>	<u>5,637,233</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,451,588</u>	<u>\$ 6,712,669</u>	<u>\$ 6,623,199</u>	<u>\$ ( 89,470)</u>

CITY OF BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL - GOVERNMENTAL FUND -SALES TAX FUND

As of and for the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 900,000	\$ 1,143,817	\$ 1,143,817	\$ -
Intergovernmental	20,000	-	-	-
Interest and miscellaneous	13,300	1,101	1,320	219
Total revenues	<u>\$ 933,300</u>	<u>\$ 1,144,918</u>	<u>\$ 1,145,137</u>	<u>\$ 219</u>
Expenditures:				
Current:				
Public works	\$ 72,000	\$ 25,471	\$ 31,637	\$ ( 6,166)
Debt service:				
Principal	627,000	592,711	588,893	3,818
Interest and fiscal charges	37,981	41,462	70,294	( 28,832)
Capital outlay	110,000	288,650	288,250	400
Total expenditures	<u>\$ 846,981</u>	<u>\$ 948,294</u>	<u>\$ 979,074</u>	<u>\$ ( 30,780)</u>
Net change in fund balance	\$ 86,319	\$ 196,624	\$ 166,063	\$ ( 30,561)
Fund balance - beginning	<u>4,894,582</u>	<u>5,106,716</u>	<u>5,106,716</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,980,901</u>	<u>\$ 5,303,340</u>	<u>\$ 5,272,779</u>	<u>\$ ( 30,561)</u>



CITY OF BASTROP, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
Last Ten Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
MERS:							
Proportion of net pension liability	0.59%	0.69%	0.75%	0.73%	0.69%	0.69%	0.72%
Proportionate share of net pension liability	\$ 2,546,276	\$ 2,892,699	\$ 3,093,298	\$ 3,055,178	\$ 2,760,830	\$ 2,462,877	\$ 1,839,348
Covered employees' payroll	\$ 1,125,676	\$ 1,281,496	\$ 1,363,902	\$ 1,323,556	\$ 1,191,340	\$ 1,169,721	\$ 1,202,986
Proportionate share of net pension liability as a percentage of covered employees' payroll	226.20%	225.73%	226.80%	230.83%	231.74%	210.55%	152.90%
Plan fiduciary net position as a percentage of total pension liability	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%	75.45%

(continued)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
MERS:							
Proportion of net pension liability	0.21%	0.25%	0.29%	0.28%	0.28%	0.27%	0.32%
Proportionate share of net pension liability	\$ 1,921,351	\$ 2,301,015	\$ 2,472,872	\$ 2,470,727	\$ 2,628,944	\$ 2,116,084	\$ 2,000,320
Covered employees' payroll	\$ 642,102	\$ 791,245	\$ 860,508	\$ 842,231	\$ 782,139	\$ 722,533	\$ 847,895
Proportionate share of net pension liability as a percentage of covered employees' payroll	299.23%	290.81%	287.37%	293.36%	336.12%	292.87%	253.92%
Plan fiduciary net position as a percentage of total pension liability	70.94%	71.01%	71.89%	70.08%	66.04%	70.73%	75.10%

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (Continued)  
Last Ten Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
FRS:							
Proportion of net pension liability	0.50%	0.50%	0.51%	0.50%	0.53%	0.51%	0.47%
Proportionate share of net pension liability	\$3,396,286	\$ 3,109,495	\$ 2,921,653	\$ 2,884,226	\$ 3,451,419	\$ 2,758,961	\$ 2,095,869
Covered employees' payroll	\$1,219,845	\$ 1,199,786	\$ 1,209,298	\$ 1,176,334	\$ 1,183,572	\$ 1,086,380	\$ 963,303
Proportionate share of net pension liability as a percentage of covered employees' payroll	278.42%	259.17%	241.60%	245.19%	291.61%	253.96%	217.57%
Plan fiduciary net position as a percentage of total pension liability	72.61%	73.96%	74.76%	73.55%	68.16%	72.45%	76.02%

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CITY OF BASTROP, LOUISIANA

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
MERS:							
Contractually required contribution	\$ 312,375	\$ 333,189	\$ 337,566	\$ 301,049	\$ 237,643	\$ 232,408	\$ 225,768
Contributions in relation to contractually required contribution	<u>312,375</u>	<u>333,189</u>	<u>337,566</u>	<u>301,049</u>	<u>237,643</u>	<u>232,408</u>	<u>225,768</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 1,125,676	\$ 1,281,496	\$ 1,363,902	\$ 1,323,556	\$ 1,191,340	\$ 1,169,721	\$ 1,202,986
Contribution as a percentage of covered employees' payroll	27.75%	26.00%	24.75%	22.75%	19.95%	19.87%	18.77%
MPERS:							
Contractually required contribution	\$ 208,683	\$ 255,176	\$ 264,607	\$ 268,240	\$ 231,782	\$ 227,601	\$ 263,017
Contributions in relation to contractually required contribution	<u>208,683</u>	<u>255,176</u>	<u>264,607</u>	<u>268,240</u>	<u>231,782</u>	<u>227,601</u>	<u>263,017</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 642,102	\$ 791,245	\$ 860,508	\$ 842,231	\$ 782,139	\$ 722,533	\$ 847,895
Contribution as a percentage of covered employees' payroll	32.50%	32.25%	30.75%	31.85%	29.63%	31.50%	31.02%

(continued)



CITY OF BASTROP, LOUISIANA

SCHEDULE OF CONTRIBUTIONS (Continued)  
Last Ten Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
FRS:							
Contractually required contribution	\$ 338,507	\$ 318,041	\$ 320,464	\$ 296,781	\$ 324,213	\$ 317,766	\$ 272,133
Contributions in relation to contractually required contribution	<u>338,507</u>	<u>318,041</u>	<u>320,464</u>	<u>296,781</u>	<u>324,213</u>	<u>317,766</u>	<u>272,133</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 1,219,845	\$ 1,199,786	\$ 1,209,298	\$ 1,176,334	\$ 1,183,572	\$ 1,086,380	\$ 963,303
Contribution as a percentage of covered employees' payroll	27.75%	26.50%	26.50%	25.23%	27.39%	29.25%	28.25%

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CITY OF BASTROP, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:			
Service cost	\$ 441,221	\$ 345,316	\$ 318,552
Interest	310,301	367,300	429,970
Differences between actual and expected experience	( 319,335)	( 490,156)	156,730
Changes in assumptions/input	604,310	1,424,539	961,677
Benefit payments	<u>( 558,780)</u>	<u>( 587,630)</u>	<u>( 663,881)</u>
Net change in total OPEB liability	\$ 477,718	\$ 1,059,369	\$ 1,203,048
Total OPEB liability - beginning	<u>15,999,705</u>	<u>14,940,336</u>	<u>13,737,288</u>
Total OPEB liability - ending	<u>\$ 16,477,423</u>	<u>\$ 15,999,705</u>	<u>\$ 14,940,336</u>
Covered employee payroll	\$ 3,160,296	\$ 3,068,249	\$ 3,066,212
Total OPEB liability as a percentage of covered employee payroll	521.4%	521.5%	487.3%

Notes to schedule:

There were no changes of benefit terms.

The following discount rates were used in each period:

2021	1.92%
2020	2.45%
2019	3.13%

The following mortality rates were used in each period:

2021	PubG.H-2010 Employee, Healthy Retiree, and Disabled Retiree, Generational with MP-2021
2020	PubG.H-2010 Employee, Healthy Retiree, and Disabled Retiree, Generational with MP-2020
2019	RPH-2010 Employee, Healthy Retiree, and Disabled Retiree, Generational with MP-2019.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BASTROP, LOUISIANA

SCHEDULE OF MAYOR'S AND ALDERMEN'S COMPENSATION

As of and for the Year Ended June 30, 2021

The schedule of compensation paid to the mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general administrative expenditures of the General Fund. The mayor and aldermen receive compensation pursuant to Louisiana Revised Statute 404.1.

Henry C. Cotton, Mayor	\$ 75,205
Robert Shaw, Alderman	10,891
Larry D. Prater, Alderman	10,891
Darry D. Green, Jr., Alderman	10,891
Howard D. Loche, Alderman	10,891
Angela Moore, Alderman	<u>10,891</u>
Total mayor's and aldermen's compensation	<u>\$ 129,660</u>



CITY OF BASTROP, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD

As of and For the Year Ended June 30, 2021

Agency Head Name: Henry C. Cotton, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 75,206
Auto allowance	7,200
Insurance	2,827
Retirement	<u>23,956</u>
Total compensation, benefits, and other payments to agency head	<u>\$ 109,189</u>

CITY OF BASTROP, LOUISIANA

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY  
As of and For the Year Ended June 30, 2021

	First Six Month Period Ended <u>December 31, 2020</u>	Second Six Month Period Ended <u>June 30, 2021</u>
Receipts from:		
Bastrop City Court:		
Bond forfeitures	\$ -	\$ 845
Court fines	<u>31,168</u>	<u>39,194</u>
Total receipts	<u>\$ 31,168</u>	<u>\$ 40,039</u>
Ending balance of amounts assessed but not received	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BASTROP, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE, 30, 2021**

<b>Federal Grants/Pass Through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grant Number</b>	<b>Grant Identification Number</b>	<b>Passed Through to Subrecipient</b>	<b>Federal Expenditures</b>
<b>United States Department of Agriculture</b>					
<b>Direct:</b>					
Community Facilities Loans and Grants	10.766	N/A	04		\$ 42,400
<b>Department of Housing &amp; Urban Development</b>					
<b>Direct:</b>					
Community Development Block Grants					
State's program and Non-Entitlement Grants	14.228	N/A	2000449672		477,075
<b>U.S. Department of Justice</b>					
<b>Direct:</b>					
Covid-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A			35,872
<b>Pass-Through Program:</b>					
Morehouse Parish Sheriff's Office					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A			10,472
<b>Total U.S. Department of Justice</b>					<u>46,344</u>
<b>U.S. Department of Transportation</b>					
<b>Direct:</b>					
Airport Improvement Program					
Obstruction Removal Grant	20.106	N/A	3-22-0004-017-202		415,980
Coronavirus Aid, Relief, and Economic Security Act	20.106	N/A	3-22-0004-018-202		29,032
<b>Total U.S. Department of Transportation</b>					<u>445,012 *</u>
<b>U.S. Department of Treasury</b>					
<b>Pass-Through Program:</b>					
Louisiana Office of Homeland Security and Emergency Preparedness					
Coronavirus Aid, Relief, and Economic Security Act	21.019	N/A			459,055 *
<b>Environmental Protection Agency</b>					
<b>Direct:</b>					
U.S. Environmental Protection Agency					
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	01F37301		59,391
<b>Total Federal Expenditures</b>					<u>\$ 1,529,277</u>

\* Indicated Major Federal Program

CITY OF BASTROP, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

As of and for the Year Ended June 30, 2021

Note 1.Basis of Presentation

The schedule of expenditures of federal awards includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2.Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3.Federal Indirect Cost Rate

The City has elected not to use the 10% de minimis federal indirect cost rate allowed under the Uniform Guidance for the year ended June 30, 2021.



CITY OF BASTROP, LOUISIANA  
\*\*UNAUDITED\*\*  
BALANCE SHEET - CAPITAL PROJECTS FUND  
June 30, 2021

ASSETS

Assets	\$ -
--------	------

LIABILITIES AND FUND BALANCE

Liabilities	\$ -
-------------	------

Fund balance	-
--------------	---

Total liabilities and fund balance	\$ -
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CITY OF BASTROP, LOUISIANA

\*\*UNAUDITED\*\*

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - CAPITAL PROJECTS FUND

As of and for the Year Ended June 30, 2021

Revenues:	
Grant proceeds	\$ 477,072
Local	<u>14,718</u>
Total revenues	<u>\$ 491,790</u>
Expenditures:	
Consultant	\$ -
Engineering	-
Construction	<u>491 790</u>
Total expenditures	<u>\$ 491 790</u>
Net change in fund balance	\$ -
Fund balance - beginning	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>

# HILL, INZINA & COMPANY

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

The Honorable Betty Olive-Alford, Mayor,  
and Members of the Board of Alderpersons  
City of Bastrop, Louisiana

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 and each major fund of City of Bastrop, Louisiana (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2022.

## Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control that is described in the accompanying schedule of findings and questioned costs as item 2021-1 that we consider to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2021-2 and 2021-3.

#### City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the council members, others within the City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.

/s/ Hill, Inzina & Co.

December 20, 2022



# HILL, INZINA & COMPANY

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

The Honorable Betty Olive-Alford, Mayor,  
and Members of the Board of Alderpersons  
City of Bastrop, Louisiana

We have audited City of Bastrop, Louisiana's ("the City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

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

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



### Opinion on Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### Report on Internal Control Over Compliance

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

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

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

### Purpose of this Report

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

/s/ Hill, Inzina & Co.

December 20, 2022

## CITY OF BASTROP, LOUISIANA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the Year Ended June 30, 2021

We have audited the financial statements of the governmental activities and each major fund of City of Bastrop, Louisiana (the "City"), as of and for the year ended June 30, 2021, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 20, 2022. 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 audit of the financial statements as of June 30, 2021 resulted in an unmodified opinion.

#### Section I - Summary of Auditor's Reports

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

##### Internal Control

Significant Deficiencies ☐ Yes ☒ No      Material Weaknesses ☒ Yes ☐ No

##### Compliance

Material to Financial Statements ☒ Yes ☐ No

#### Section II - Financial Statement Findings

2021-1      Inadequate Segregation of Duties (initially cited in fiscal year ended June 30, 1985)

Criteria:      Local governments typically use the Green Book as a model for internal control.

Paragraph 10.13 of the Green Book reads in part, "Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk".

Condition:	The performance of our audit procedures included (1) observance of management and employees; (2) inquiries of elected officials, management, employees, and citizens; and (3) tests of transactions.
	<p>Evidence obtained from these procedures indicated the following specific issues:</p> <ul style="list-style-type: none"> <li>Possible management override of controls</li> <li>Overall lack of adequate communication between officials, departments, and employees</li> <li>Lack of monitoring procedures.</li> </ul>
Cause:	The cause of the conditions were not definitely identified.
Effect:	The environment may result in the City having a higher risk of errors, fraud, waste, and abuse. Poor communication limits the ability of employees to perform their assigned duties. Transactions may lack proper authorization or documentation of authorization. State laws and regulations along with the City's policies may be violated.
Recommendation:	Specifically, management should make an effort to ensure that the City's internal control system is properly designed, implemented, and monitored.
Management's response and planned corrective action:	see following
2021-2	Personnel Related Policies and Issues (initially cited in fiscal year ended June 30, 2016)
Criteria:	Payroll is generally the largest expenditure of a governmental agency. Therefore, it is important that controls over payroll are in place and working properly. Good controls should include compliance with the City's written policies and procedures, curtailing excessive payroll related costs, and compliance with Article VII, Section 14 of the 1974 Louisiana State Constitution.
Condition:	1) As of June 30, 2021, three department heads had accumulated compensatory hours of 1,839 (45% of compensatory time earned by all employees as of June 30, 2021). If these employees were to have left employment of the City as of June 30, 2021, the City would have been obligated to pay approximately \$30,000 of additional wages to these three employees.



Effective January 1, 2020, management of the City adopted a formal policy limiting the maximum number of compensatory hours that may be accumulated to 480 hours. These three same employees had accumulated more than 480 hours as of June 30, 2021. The policy also stated that after an employee had earned more than 480 hours, the employee must take off any compensatory time earned before the end of the payroll period. These same department heads took off no compensatory time between July 1, 2020 and June 30, 2021.

Effective June 30, 2021, one of these three department heads did leave the City's employment and was paid \$11,635 for 600 hours of accumulated compensatory hours.

2) While performing procedures related to the audit as of and for the year ended June 30, 2021, documentation was provided that a police sergeant had been paid excessive overtime from July 31, 2021 to September 24, 2021. The matter of the employee working 307 hours (totaling \$10,423) of excessive and unreasonable overtime during the period was presented to the City of Bastrop Civil Service Board. The board upheld that finding that the officer owed the money.

A demand letter for prompt repayment to the City was written by the Mayor and mailed to the officer on June 28, 2022.

As of the date of this report, the information documenting the excessive overtime, along with the minutes of the Civil Service Board's meeting, are in the process of being gathered from the City's legal counsel and sent to the Louisiana State Police.

Cause:

1) The Mayor serving through June 30, 2021, did not require department heads to adhere to the City's formal policy concerning the earning and accumulation of compensatory hours.

2) The officer did not adhere to specific advice concerning the actual working and documenting of overtime given by another officer upon retirement.

Effect:

1) The City has paid and is exposed to possibly paying other large amounts of accumulated compensatory time upon an employee leaving the City's employment.

2) The City has paid excessive and unreasonable overtime and now has to go through the legal process to recoup repayment.

Recommendations: 1) The Mayor must insist on strict adherence to the City's adopted policies.

2) Additional oversight should be required of and documented by other employees in the department.

Management's  
response and  
planned cor-  
rective action: see following

2021-3 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974 (initially cited in fiscal year ended June 30, 2018)

Criteria: Article VII, Section 14 provides that funds, credit, property, or things of value of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporations.

Condition: 1) Owed the City as of June 30, 2021, were property taxes, some delinquent as far back as the 2011 tax levy. Occupational licenses were delinquent for some businesses back to 2016.

In the regular meeting of the Mayor and board of alderpersons, the Mayor serving through June 30, 2021, granted legal action regarding delinquent occupational licenses and personal property taxes.

As of the date of this report, the clerk's office is not aware of the license holders and property owners names, addresses, etc. being requested by the City's legal counsel.

2) The City's board of alderpersons had approved giving newly hired police officers the \$500 monthly supplemental pay stipend until the State of Louisiana began paying the officers directly. One police officer was made aware of this practice and was informed that when the state money was received, it would need to be returned to the City. During fiscal year ended June 30, 2020, when this officer received \$6,000 from the state and upon the clerk's request for the money, the officer advised that he had spent it all. The Mayor serving through June 30, 2021, advised the clerk to withhold on a monthly basis for 36 months to recoup the money so as to not "create an extreme hardship upon his family".

This officer left employment with the City in September 2021 with an unpaid balance of \$958.



3) The same department head (mentioned in the second paragraph on page 73) was allowed by the Mayor serving through June 30, 2021, to earn two hours minimum compensatory time when "called out" before or after normal work day hours.

Cause:

1) Sufficient effort is not being made by the City's administration to collect delinquent accounts. Current and previous administrations of the City have not followed up on the City's legal counsel being directed to be proactive in the collection process (i.e., closing businesses, filing suits, etc.).

2) The Mayor serving through June 30, 2021, authorized amounts owed by an employee to the City to be repaid over a period of 36 months instead of immediately when the employee actually received the total funds that were to be repaid.

3) The Mayor serving through June 30, 2021, did not require the public works department head to adhere to the City's policies. The City's policy concerning compensatory time allowed it to only be earned for actual hours worked and documented on the time sheet.

Effect:

All of these conditions are in violation of Article VII, Section 14 and may result in losses of assets. The Louisiana Attorney General has noted that payment for hours not actually worked may constitute a criminal violation of the Public Payroll Fraud Statute (R.S. 14:138).

Recommendation:

1) Delinquent accounts should be pursued vigorously for payment. A formal collection policy should be adopted.

2) Section 14 and related statutes should be reviewed by the City's legal counsel, management, and department heads.

The police officer's wages, currently being earned from other employment, should be garnisheed to recover the unpaid balance.

3) Strict adherence should be mandated to comply with the City's current adopted policies and procedures relative to the earning and accumulation of compensatory time.

Management's  
response and  
planned cor-  
rective action:

see following

Section III - Management Letter

None issued.

CITY OF BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

As of and for the Year Ended June 30, 2021

Section II - Financial Statements Findings

2020-1 Inadequate Segregation of Duties

Adequate segregation of duties is essential to a proper internal control structure.

Unresolved - 2021-1.

2020-2 Personnel Related Policies and Issues

It is important that controls over payroll are in place and working properly.

Unresolved - 2021-2.

2020-3 Violation of Article VII, Section 14 of State Constitution

Property taxes and occupational licenses are delinquent.

A police officer did not repay supplemental pay stipends paid directly by City until the State of Louisiana began paying the officer directly.

Public works employees were allowed to earn two hours minimum compensatory time when "called out" before or after normal work day hours.

Unresolved - 2021-3.

Section III - Management Letter

None issued.

## **CITY OF BASTROP, LOUISIANA**

### **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**As of and for Year Ended June 30, 2021**

#### **Section II – Financial Statement Findings**

**2021 – 1      Inadequate Segregation of Duties (initially cited in fiscal year ended June 30, 1985)**

**Response:** The City's new administration, effective, July 1, 2021, is taking a more aggressive approach to hiring personnel with some experience in city government and financial background to aid in the improvement of the city's day to day operation and segregation of duties. Employees are afforded the opportunity to cross train by hands on experience to maintain adequate internal budgetary control. Management is working to achieve and manage an internal control system by the aforementioned steps with adequate means of being monitored with proper staff placement. Based on the identified effects as listed in the auditor's report and observation, staff will be provided with the following assistance:

- Clear and concise directions to improve communication
- Professional growth plans
- Training on policies and procedures
- Increased monitoring on application of procedures.

**2021 – 2      Personnel Related Policies and Issues (initially cited in fiscal year ended June 30, 2016)**

**Response:** 1) The administration is working to provide more training for employees and placing them in positions best suited for them to execute the proper control in payroll by implementing the following methods to reduce fraud:

- 1) Mayor and department heads meet frequently to identify problems and make corrections to follow proper procedures and assure compliance issues are being met.
- 2) The City will assign legal counsel to garnish wages of unpaid debt owed by former city employees or take appropriate action to recoup city funds.
- 3) Time clock printouts are monitored more closely and immediate actions are taken to remediate the situation.
- 4) Time sheets are edited by clerical personnel, verified by department heads' signatures and verified again in the Clerk's office.
- 5) The administration is working to support all staff in adherence to policy on purchase requisitions guidelines.
- 6) Limiting the accrual of compensatory time hours from 480 hours to 150 hours to avoid excessive payouts upon departure of employees. Based on extenuating



circumstances, Mayor may grant an additional 40 hours upon the recommendation and proper documentation of the department head.

**2). Procedure Related audit and documentation on police sergeant excessive and unreasonable overtime:**

Upon discovery of this issue, Administration immediately contacted State Police and they reported their findings to the District Attorney. This incident occurred during the pandemic time and staff was short handed in the police department and clerk's office. The officer, during that time, was in a trusted position to sign off on times for other officers. The police department was without a chief and said officer was next in charge. This matter was brought before the the Civil Service Board who concluded that the Mayor acted in "good faith with just cause."

A demand letter for prompt repayment to the City was written by the Mayor and mailed to the officer on June 28, 2022. The officer has not responded. The Mayor and Chief of Police met with the Assistant District Attorney regarding the officer not responding to the letter ( see Assistant District Attorney's response). Case is pending further investigation by the State Police.

**Response to Recommendations and Corrective Action:**

- Now that the Mayor's appointed Chief is now in place, oversight for adherence to policy is being followed.
- Additional oversight is now in place thereby, verification on reported time worked is closely monitored.
- Mayor will continue legal proceedings with the local District Attorney's Office.

2021 – 3      Violation of Article VII, Section 14 of Louisiana State Constitution of 1974 (initially cited in fiscal year ended June 30, 2018)

**Response:**    1) Administration will task staff with purging the list of delinquent property taxes and occupational licenses to determine closures. The City operated with one Attorney serving in three roles. As (Chief Executive Officer) Mayor, I recognize the deficiencies in operating with one attorney functioning in multiple roles. I will make an appointment of a Civil Attorney to City Council. The need for a Civil Attorney is evident by the lack of legal proceedings to collect delinquent taxes and occupational licenses. This Attorney will be directed by the Mayor to pursue collection action on delinquent property taxes and delinquent occupational licenses among other civil related matters.

2) A police officer did not repay supplemental pay stipends paid directly by City until the State of Louisiana began paying officer directly.

**Response:** The Mayor will task City Civil Attorney to pursue legal action to garnish the former officer's check for unpaid balance of \$958.00.

3) Present Mayor has ceased the practice of public works employees being allowed to earn two hours minimum compensatory time when "called out" before or after normal work day.

**Response:** The Mayor directed Public Works Director (appointed July 2021) to monitor workers who are "called out" to be compensated only for actual time worked or adherence to policy on compensatory time. A new compensatory policy will be implemented effective January 2, 2023. This policy is expected to aid in the reduction of excessive and unreasonable overtime and aid in staying within budget. (See Section 2021-2).

**Response to Recommendations:**

- 1) Delinquent accounts will be pursued vigorously with the aid of a Civil Attorney to facilitate the process with staff.
- 2) Mayor will direct City's Civil Legal Counsel to become familiar with Section 14 and related statutes and aid management and department heads in the same manner.
- 3) The Civil Legal Counsel will be tasked to begin the process of garnishing the police officer's wages.

Administration will mandate that all departments will adhere to the City's current adopted policies and procedures relative to the earnings and accumulation of compensatory time. Efforts are underway to begin reducing the accumulated compensatory time. (See revised policy effective January 1, 2023 to aid in day-to-day operation and stay within adopted budget).