

CITY OF BASTROP
BASTROP, LOUISIANA

Financial Report
For the Year Ended June 30, 2022



MAXWELL CPA, LLC, *Certified Public Accountant*, Sterlington, Louisiana

CITY OF BASTROP, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report ----- | 1-3 |
| Required Supplemental Information (Part A) | |
| Management's Discussion and Analysis ----- | 4-8 |

FINANCIAL STATEMENTS

| | |
|--|-------|
| Government-Wide Financial Statements | |
| Statement of Net Position----- | 9 |
| Statement of Activities ----- | 10 |
| Fund Financial Statements | |
| Governmental Funds: | |
| Balance Sheet ----- | 11 |
| Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position----- | 12 |
| Statement of Revenues, Expenditures and Changes in Fund Balances ----- | 13 |
| Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances to the Statement of Activities ----- | 14 |
| Notes to Financial Statements ----- | 15-46 |
| Required Supplemental Information (Part B) | |
| Budgetary Comparison Schedules | |
| General Fund ----- | 47 |
| Sewer Use Fee Fund ----- | 48 |
| Sales Tax Fund ----- | 49 |
| ARPA Fund ----- | 50 |
| Notes to the Budgetary Comparison Schedule ----- | 51 |
| Schedule of Proportionate Share of Net Pension Liability ----- | 52-53 |
| Schedule of the Employer's Pension Contributions ----- | 54-55 |
| Schedule of Changes in Net OPEB Liability and Related Ratios ----- | 56 |

SUPPLEMENTARY INFORMATION

| | |
|--|----|
| Schedule of Compensation Paid to Council Members ----- | 57 |
| Schedule of Compensation, Reimbursements, Benefits and Other Payments To Agency Head----- | 58 |
| Judicial System Funding Schedule – Receiving Entity ----- | 59 |

CITY OF BASTROP, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

| | |
|--|-------|
| 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 <i>Government Auditing Standards</i> ----- | 60-61 |
| Schedule of Findings and Responses ----- | 62-68 |
| Summary Schedule of Prior Audit Findings ----- | 69-71 |



INDEPENDENT AUDITOR'S REPORT

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

Opinions

I have audited the accompanying financial statements of the governmental activities and each major fund of the City of Bastrop, Louisiana (the City), as of and for the year ended June 30, 2022, 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 my 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, 2022, and the respective changes in the 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

I am 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, budgetary comparison information, the schedule of changes in net OPEB liability and related ratios, schedule of proportionate share of net pension liability, and the schedule of the employer's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted by the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information of consistency with management's response to my inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any form of assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying schedule of compensation paid to council members, schedule of compensation, reimbursements, benefits and other payments to agency head, and justice funding schedule – receiving entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 28, 2024, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Maxwell CPA, LLC

Sterlington, Louisiana
March 28, 2024

CITY OF BASTROP, LOUISIANA

Management's Discussion and Analysis Year Ended June 30, 2022

As management of the 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, 2022. 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.

Financial Highlights

- The liabilities of the City of Bastrop, on a government-wide basis, exceeded its assets at the close of the fiscal year by (\$191,580) (net position).
- At the end of the current fiscal year, the City of Bastrop's governmental funds reported combined ending fund balances of \$17,473,020.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,255,488 or 34% of the total general fund expenditures.
- The general fund reported a deficit of \$254,844 before other financing sources, and a surplus of \$215,156 after bond proceeds.
- The City completed many projects that included improvements to infrastructure. The additions and improvements to the City's Capital Assets totaled \$759,527 in the current year.
- The City's bonded debt had a net decrease of \$495,000. Total bonded debt at June 30, 2022 was \$5,125,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Bastrop's basic financial statements. The City's basic financial statements comprise three components:

- *Government-wide financial statements,*
- *Fund financial statements,*
- *Notes to the financial statements.*

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 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 a 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 years. 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 function 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.

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.

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:

| | 2022 | 2021 |
|---|-----------|------------|
| Other Assets | \$ 19,828 | \$ 16,110 |
| Capital Assets, Net of Depreciation | 10,869 | 11,176 |
| Total Assets | 30,697 | 27,286 |
| Deferred Outflows of Resources | 1,880 | 2,319 |
| Other Liabilities | 2,144 | 568 |
| Long-Term Liabilities | 23,876 | 32,497 |
| Total Liabilities | 26,020 | 33,065 |
| Deferred Inflow of Resources | 6,749 | 1,244 |
| Net Position: | | |
| Invested in Capital Assets, Net of Related Debt | 7,721 | 10,817 |
| Restricted | 8,901 | 7,977 |
| Unrestricted (Deficit) | (16,814) | (23,498) |
| Total Net Position (Deficit) | \$ (192) | \$ (4,704) |

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, 2022, 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:

| | 2022 | 2021 |
|------------------------------------|----------|------------|
| Revenues: | | |
| Program Revenues | | |
| Charges for Services | \$ 2,622 | \$ 2,381 |
| Operating Grants and Contributions | 268 | 2,312 |
| General Revenues: | | |
| Taxes | 10,425 | 10,240 |
| Intergovernmental | 1,366 | 1,396 |
| Unrestricted Investment Earnings | 12 | 7 |
| Miscellaneous | 2,843 | 588 |
| Total Revenues | 17,536 | 16,924 |
| Expenses: | | |
| General Government | 3,438 | 4,568 |
| Public Safety | 5,252 | 5,617 |
| Public Works | 1,845 | 1,691 |
| Sanitation | 2,195 | 2,315 |
| Economic Development | - | 10 |
| Debt Service | 619 | 196 |
| Total Expenses | 13,349 | 14,397 |
| Changes in Net Position | 4,187 | 2,527 |
| Net Position – Beginning (Deficit) | (4,704) | (7,180) |
| Prior Period Adjustment | 325 | (51) |
| Net Position - Ending (Deficit) | \$ (192) | \$ (4,704) |

The City's total revenues increased by \$612,001 while the total costs of all programs and services decreased by \$1,048,125.

General revenues are those available for the City to pay for the governmental activities. For the year ended June 30, 2022, taxes were the largest general revenue source for the City and charges for services was 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, 2022, the City's governmental funds reported a combined ending fund balance of \$17,473,020, an increase of \$1,358,054 from \$16,114,966 as of June 30, 2021. \$8,901,050 of the ending combined fund balance as of June 30, 2022, was restricted for debt service.

Budgetary Highlights

The City amended the budgets once during the year. The sales tax fund's final budget reported revenues greater than 5% of the actual revenues.

In the general fund, the difference between expenditures in the original budget and the final budget was a decrease of \$2,054,505. Total revenues in the final budget were \$83,870 more than the original budget.

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 \$526,158 for the year ended June 30, 2022, was recorded in the governmental activities of the government-wide financial statements.

As of June 30, 2022, the City had long-term liabilities comprised of the following:

| | |
|--|---------------------|
| Lease Liability | \$ 272,515 |
| Workout Agreement and Pledge of Leases and Rents | 298,766 |
| Firemen's Lawsuit | 1,872,146 |
| Compensated Absences | 142,725 |
| Sewer Revenue & Refunding Revenue Bonds | 2,915,000 |
| Fire Revenue Bonds | 425,000 |
| Sales Tax Revenue Bonds | <u>1,785,000</u> |
| Total Long-Term Liabilities | <u>\$ 7,711,152</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 Factors and Next Year's Budget

Factors considered in preparing the City of Bastrop's budget for the 2023 fiscal year are revenues and expenditures are expected to be similar to the prior year except for the increase in grant revenues and expenditures. With current economic conditions, tax revenues are projected to remain flat for the next fiscal year.

OTHER POST-EMPLOYMENT BENEFITS

In the year ended June 30, 2022, the City of Bastrop complied with requirements of Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. This statement requires that employers disclose the *Schedule of Changes in Net OPEB Liability and Related Ratios* as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

PENSIONS

In the year ended June 30, 2022, the City of Bastrop complied with requirements of Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. This statement requires that employers disclose the *Net Pension Liability, Deferred Inflows and Deferred Outflows* as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

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 information, should be addressed to the City Clerk, P.O. Box 431, Bastrop, Louisiana 71220.

BASIC FINANCIAL STATEMENTS:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BASTROP, LOUISIANA
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 12,001,879 |
| Pooled Deposits | 2,614,860 |
| Receivables, net | 685,526 |
| Inventory | 45,307 |
| Due From Other Governments | 389,085 |
| Restricted Assets: | |
| Cash | 2,541,844 |
| Money Market Mutual Funds | 1,318,914 |
| Lease Assets (Net) | 230,803 |
| Capital Assets: | |
| Land | 1,146,434 |
| Other Capital Assets, Net of Depreciation | 9,722,058 |
| <u>TOTAL ASSETS</u> | <u><u>30,696,710</u></u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred Outflows Related to Pensions/OPEB | 1,879,974 |
| <u>LIABILITIES</u> | |
| Accounts Payable | 155,235 |
| Accrued Liabilities | 115,645 |
| Accrued Interest | 18,850 |
| Unearned Revenue | 1,853,515 |
| Long-Term Liabilities Due Within One Year: | |
| Bonds, Claims, Compensated Absences | 1,108,686 |
| Lease Liability | 79,562 |
| Long-Term Liabilities Due in More Than One Year: | |
| Bonds, Claims, Compensated Absences | 6,329,951 |
| Lease Liability | 192,953 |
| Net Pension Liability | 4,412,359 |
| OPEB Liability | 11,752,377 |
| <u>TOTAL LIABILITIES</u> | <u>26,019,133</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Deferred Inflows Related to Pensions/OPEB | 6,749,131 |
| <u>NET POSITION</u> | |
| Invested in Capital Assets, Net of Related Debt | 5,743,492 |
| Restricted for Debt Service | 9,462,372 |
| Unrestricted (Deficit) | (15,397,444) |
| <u>TOTAL NET POSITION</u> | <u><u>\$ (191,580)</u></u> |

The accompanying notes are an integral part of this financial statement.

CITY OF BASTROP, LOUISIANA
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
AS OF AND ENDED FOR THE YEAR ENDED JUNE 30, 2022

| Functions/Programs: | Expenses | Program Revenues | | | Net (Expense) Revenue & Changes in Net Assets |
|--------------------------------------|-------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Current: | | | | | |
| General Government | \$ 3,437,903 | \$ 880,172 | \$ 268,649 | \$ - | \$ (2,289,082) |
| Public Safety | 5,252,316 | 59,151 | - | - | (5,193,165) |
| Public Works | 1,844,685 | - | - | - | (1,844,685) |
| Sanitation | 2,194,575 | 1,683,137 | - | - | (511,438) |
| Debt Service: | | | | | |
| Interest & Fiscal Charges | 619,705 | - | - | - | (619,705) |
| Total Governmental Activities | <u>13,349,184</u> | <u>2,622,460</u> | <u>268,649</u> | <u>-</u> | (10,458,075) |

General Revenues:

| | |
|---|-------------------|
| Ad Valorem Taxes | 3,079,589 |
| Sales Taxes | 6,961,685 |
| Franchise Taxes | 383,160 |
| Intergovernmental | 1,366,409 |
| Unrestricted Investment Earnings | 11,821 |
| Net Revenue from Change in Net Pension Liability/OPEB | 2,232,554 |
| Miscellaneous | 610,005 |
| Total General Revenues | <u>14,645,223</u> |

Changes in Net Position 4,187,148

Prior Period Adjustment 325,138

Net Position - Beginning (4,703,866)

Net Position - Ending \$ (191,580)

The accompanying notes are an integral part of this financial statement.

BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS

CITY OF BASTROP, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

| | Major Funds | | | | |
|-------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| | Special Revenue Funds | | | Capital Projects | |
| | General | Sewer | Sales Tax | American | Total |
| | Fund | Use Fee | Fund | Rescue Plan | Governmental |
| | | Fund | Fund | Fund | Funds |
| <u>Assets</u> | | | | | |
| Cash and Cash Equivalents | \$ 4,112,765 | \$ 4,265,121 | \$ 3,622,993 | \$ 1,000 | \$ 12,001,879 |
| Pooled Deposits | 1,330,844 | 1,284,016 | - | - | 2,614,860 |
| Receivables | | | | | |
| Sales Taxes | 458,525 | - | 91,702 | - | 550,227 |
| Franchise Taxes | 82,822 | - | - | - | 82,822 |
| Accounts | - | 52,477 | - | - | 52,477 |
| Due from Other Funds | - | - | - | 1,852,515 | 1,852,515 |
| Inventory | 45,307 | - | - | - | 45,307 |
| Due from Other Governments | 389,085 | - | - | - | 389,085 |
| Restricted Assets: | | | | | |
| Cash | 36,163 | 1,504,749 | 1,000,932 | - | 2,541,844 |
| Money Market Mutual Funds | - | 436,137 | 882,777 | - | 1,318,914 |
| <u>Total Assets</u> | <u>6,455,511</u> | <u>7,542,500</u> | <u>5,598,404</u> | <u>1,853,515</u> | <u>21,449,930</u> |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | 150,393 | - | 4,842 | - | 155,235 |
| Accrued Liabilities | 115,645 | - | - | - | 115,645 |
| Unearned Revenue | - | - | - | 1,853,515 | 1,853,515 |
| Due To Other Funds | 1,852,515 | - | - | - | 1,852,515 |
| <u>Total Liabilities</u> | <u>2,118,553</u> | <u>-</u> | <u>4,842</u> | <u>1,853,515</u> | <u>3,976,910</u> |
| <u>Fund Balances</u> | | | | | |
| Nonspendable | | | | | |
| Inventories | 45,307 | - | - | - | 45,307 |
| Spendable | | | | | |
| Restricted | 36,163 | 7,542,500 | 1,883,709 | - | 9,462,372 |
| Assigned | - | - | 3,709,853 | - | 3,709,853 |
| Unassigned | 4,255,488 | - | - | - | 4,255,488 |
| <u>Total Fund Balances</u> | <u>4,336,958</u> | <u>7,542,500</u> | <u>5,593,562</u> | <u>-</u> | <u>17,473,020</u> |
| <u>Total Liabilities and</u> | | | | | |
| <u>Fund Balances</u> | <u>\$ 6,455,511</u> | <u>\$ 7,542,500</u> | <u>\$ 5,598,404</u> | <u>\$ 1,853,515</u> | <u>\$ 21,449,930</u> |

The accompanying notes are an integral part of this financial statement.

CITY OF BASTROP, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

| | |
|----------------------------------|---------------|
| Total Governmental Fund Balances | \$ 17,473,020 |
|----------------------------------|---------------|

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

The cost of capital assets purchased is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the City as a whole. The cost of those capital assets is allocated over their useful lives (as depreciation expense) to the various programs reported in the governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

| | | |
|--------------------------------|------------------|------------|
| Governmental Capital Assets | 22,328,709 | |
| Less: Accumulated Depreciation | (11,460,217) | |
| Lease Asset | 634,578 | |
| Less: Accumulated Amortization | <u>(403,775)</u> | |
| | | 11,099,295 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

| | | |
|--|--------------------|---------------------|
| Accrued Interest Payable | (18,850) | |
| Lease Liability | (272,515) | |
| Bonds Payable | (5,125,000) | |
| Claims and Judgements Payable | (1,872,146) | |
| Compensated Absences | (142,725) | |
| Building Liability | (298,766) | |
| Net OPEB Obligation (including Deferred Inflow/Outflow) | (15,370,702) | |
| Net Pension Liability (included Deferred Inflow/Outflow) | <u>(5,663,191)</u> | |
| | | <u>(28,763,895)</u> |

| | |
|---|----------------------------|
| Net Position of Governmental Activities | \$ <u><u>(191,580)</u></u> |
|---|----------------------------|

The accompanying notes are an integral part of this financial statement.

CITY OF BASTROP, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Major Funds | | | | Total Government Funds |
|--|---------------------|-----------------------|---------------------|------------------|------------------------------|
| | General Fund | Special Revenue Funds | | Capital Projects | |
| | | Sewer Use Fee Fund | Sales Tax Fund | ARPA Fund | |
| Revenues | | | | | |
| Ad Valorem Taxes | \$ 3,079,589 | \$ - | \$ - | \$ - | \$ 3,079,589 |
| Sales Taxes | 5,802,992 | - | 1,158,693 | - | 6,961,685 |
| Franchise Taxes | 383,160 | - | - | - | 383,160 |
| Licenses and Permits | 505,798 | - | - | - | 505,798 |
| Intergovernmental | 1,615,058 | - | 20,000 | - | 1,635,058 |
| Charges for Services | 433,295 | 1,624,216 | - | - | 2,057,511 |
| Fines and Forfeitures | 59,151 | - | - | - | 59,151 |
| Miscellaneous | 584,936 | - | - | - | 584,936 |
| Interest Income | 5,325 | 5,348 | 1,148 | - | 11,821 |
| Sale of Assets | 25,069 | - | - | - | 25,069 |
| Total Revenues | 12,494,373 | 1,629,564 | 1,179,841 | - | 15,303,778 |
| Expenditures | | | | | |
| General Government | 3,136,024 | - | - | - | 3,136,024 |
| Public Safety | 5,182,805 | - | - | - | 5,182,805 |
| Public Works | 1,616,965 | - | 150,693 | - | 1,767,658 |
| Sanitation | 1,751,488 | 238,156 | - | - | 1,989,644 |
| Capital Outlay | 517,275 | 22,794 | 182,957 | - | 723,026 |
| Debt Service: | | | | | |
| Principal Payments | 69,000 | 350,000 | 570,000 | - | 989,000 |
| Interest and Other | 475,660 | 99,313 | 52,594 | - | 627,567 |
| Total Expenditures | 12,749,217 | 710,263 | 956,244 | - | 14,415,724 |
| Excess (Deficiency) of Revenues | | | | | |
| Over Expenditures | (254,844) | 919,301 | 223,597 | - | 888,054 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Bond Issuance | 470,000 | - | - | - | 470,000 |
| Net Change in Fund Balance | 215,156 | 919,301 | 223,597 | - | 1,358,054 |
| Fund Balance - Beginning (restated) | 4,121,802 | 6,623,199 | 5,369,965 | - | 16,114,966 |
| FUND BALANCE - ENDING | \$ 4,336,958 | \$ 7,542,500 | \$ 5,593,562 | \$ - | \$ 17,473,020 |

The accompanying notes are an integral part of this financial statement.

CITY OF BASTROP, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 1,358,054

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

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

| | | |
|----------------------|-----------|---------|
| Capital Outlay - Net | 759,527 | |
| Depreciation Expense | (526,158) | |
| Amortization Expense | (90,049) | |
| | 143,320 | 143,320 |

The issuance of long-term debt provides current financial resources
to governmental funds, while the repayments of the principal of a
long-term debt consumes the current financial resources of
governmental funds. Neither transactions, however, has any effect on
net position. Also, governmental funds report the effect of issuance
costs, premiums, discounts and similar items when debt is first
issued, whereas these amounts are deferred and amortized in the
statement of activities. The detail of these differences in the
treatment of long-term debt and related items is as follows:

| | | |
|-------------------------|-----------|---------|
| Issuance of Bonds | (470,000) | |
| Bond Principal Payments | 965,000 | |
| Notes Payable | 24,000 | |
| Lease Payments | 90,623 | |
| | 609,623 | 609,623 |

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

| | | |
|---|-------------|--------------|
| Accrued Interest Payable | 7,862 | |
| Change in Compensated Absences | 34,074 | |
| Claims and Judgements Payable | (198,340) | |
| Change in Net Pension Liability | 3,451,554 | |
| Change in Other Post Employment Benefit | 4,725,046 | |
| Change in Deferred Inflows/Outflows | (5,944,045) | |
| | 2,076,151 | |
| Change in Net Position in Governmental Activities | | \$ 4,187,148 |

The accompanying notes are an integral part of this financial statement.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Introduction

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 district) who are each compensated. The city is located in northeast Louisiana, its population is approximately 9,700, and it employs approximately 115 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.

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accounting and reporting policies of the City of Bastrop, Louisiana conform to generally accepted accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units (Revised). The following is a summary of certain significant accounting policies.

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 a municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific 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 of the significance of the relationship.

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.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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 statements of net position and the statements 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 and 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.

Fund Financial Statements

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Basis of Accounting, Measurement Focus, and Financial Statements 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 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 principals and interest related to long-term debt, as well as expenditures related to compensated absences, which are reported 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 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.

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.

ARPA fund - accounts for grant funding from the Coronavirus State Local Fiscal Recovery Fund authorized by American Rescue Plan Act of 2021.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Budgets and Budgetary Accounting

The Board of Aldermen adopted annual budgets for all of the governmental funds on June 30, 2021. 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, 2022 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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes amounts in interest bearing demand deposits 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.

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.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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 is 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.

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.

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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 |

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 specific 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 employer'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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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 positions, 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 Plan' 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.

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 Classification

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 - consist 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".

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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 places 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.
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 the 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 governing body or by an official or body to which the governing body delegates the authority.
5. Unassigned Fund Balances - 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.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 2 - Cash and Deposits

The following is a summary of cash and deposits of the City as of June 30, 2022:

| | |
|---------------------------|----------------------|
| Non-pooled Deposits: | |
| Demand Deposits | \$ 13,657,568 |
| Petty Cash | 792 |
| Money Market Mutual Funds | 1,318,914 |
| Held by Paying Agent | 885,363 |
| Pooled Deposits | <u>2,614,860</u> |
| Total | <u>\$ 18,477,497</u> |

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 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, 2022, 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, 2022, the City had \$14,834,458 in non-pooled demand deposits (collected bank balances). These deposits were secured from risk by \$1,000,000 of federal deposit insurance and \$13,834,458 of pledged securities held by the City and the pledging financial institution's trust department or their agents in the City's name.

Pooled deposits are held as of June 30, 2022 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, 2022 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 invest its assets only in securities and other obligations that are permissible under Louisiana state law for local governments. Regions Bank Treasury, the U.S. government, or one of its agencies or instrumentalities, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rate A-1 or A-1+ by Standard & Poor's.

There were no repurchase or reverse repurchase agreements as of June 30, 2022

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022:

| | General Fund | Sewer Use Fee Fund | Sales Tax Fund | Totals |
|-------------------|-------------------|--------------------------|----------------------|---------------------|
| User Fees: | | | | |
| Sewer | \$ - | \$ 52,477 | \$ - | \$ 52,477 |
| Taxes | | | | |
| Franchise | 82,822 | - | - | 82,822 |
| Sales Tax | 458,525 | - | 91,702 | 550,227 |
| Intergovernmental | | | | |
| Federal | 88,500 | - | - | 88,500 |
| State | 11,009 | - | - | 11,009 |
| Local | 289,576 | - | - | 289,576 |
| Total | <u>\$ 930,432</u> | <u>\$ 52,477</u> | <u>\$ 91,702</u> | <u>\$ 1,074,611</u> |

Note 4 - Taxes

For the year ended June 30, 2022, ad valorem taxes of 59.76 mills were levied on property with assessed valuations totaling \$50,235,677 as follows:

| | Levied Millage | Expiration Date |
|----------------------------|-------------------|--------------------|
| General Corporate Purposes | 13.82 | Perpetual |
| Police | 9.80 | 2030 |
| Street Improvements | 9.80 | 2030 |
| Sewer Maintenance | 9.80 | 2030 |
| Fire #1 | 4.91 | 2030 |
| Fire #2 | 4.65 | 2023 |
| Fire #3 | 1.40 | 2030 |
| Recreation | 3.70 | 2023 |
| Cemetery | 0.94 | 2023 |
| Building Maintenance | 0.94 | 2023 |

The four tax millages that expired in 2023 were renewed in an election held on December 10, 2022 and will expire in 2043.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 4 – Taxes (continued)

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

| | Assessed Valuation | Percentage of Total Assessed Valuation | Ad Valorem Tax Revenue |
|-------------------------------------|-----------------------|--|---------------------------|
| Entergy Louisiana Holdings, Inc. | \$ 2,073,680 | 4.13% | \$ 123,923 |
| Wal-Mart Real Estate Business Trust | 1,496,379 | 2.98% | 89,424 |
| Simmons Sporting Goods | \$ 1,475,014 | 2.94% | \$ 88,147 |

Total ad valorem taxes levied were \$3,002,084. There were \$12,162 (not considered material to record) of uncollected ad valorem taxes as of June 30, 2022, on this levy.

The following sales and use taxes were levied as of June 30, 2022:

| Rate | Purpose | Expiration Date |
|-------|--|--------------------|
| 0.50% | any and all lawful municipal purposes | June 30, 2028 |
| 0.50% | any and all lawful municipal purposes | June 30, 2028 |
| 1.00% | any and all lawful municipal purposes | June 30, 2028 |
| 0.50% | general, fire, and police operations | Perpetual |
| 0.50% | streets, sidewalks, alleys, roadways, related drainage | December 31, 2024 |

Note 5 - Restricted Assets

Restricted assets, \$36,163 of the General Fund, \$1,940,886 of the Sewer Use Fee Fund and \$1,883,709 of the Sales Tax Fund consist of funds required to be maintained and their use is restricted.

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2022, is as follows:

| | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|----------------------------|--------------------------|-----------|-----------|--------------------------|
| Government Activities: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 1,143,434 | \$ 3,000 | \$ - | \$ 1,146,434 |
| Depreciable Assets: | | | | |
| Infrastructure | 7,611,798 | 189,657 | - | 7,801,455 |
| Buildings and Improvements | 5,968,639 | - | - | 5,968,639 |
| Machinery and Equipment | 7,080,218 | 566,870 | (234,907) | 7,412,181 |
| Total at Historical Cost | 20,660,655 | 756,527 | (234,907) | 21,182,275 |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 6 - Capital Assets (continued)

| | | | | |
|--------------------------------------|----------------------|-------------------|--------------------|----------------------|
| Less Accumulated | | | | |
| Depreciation for: | | | | |
| Infrastructure | (1,827,141) | (210,718) | - | (2,037,859) |
| Buildings and Improvements | (4,020,784) | (86,966) | - | (4,107,750) |
| Machinery and Equipment | (5,253,149) | (228,474) | 167,015 | (5,314,608) |
| Total Accumulated | | | | |
| Depreciation | (11,101,074) | (526,158) | 167,015 | (11,460,217) |
| <u>Government Activities Capital</u> | | | | |
| Assets, Net | <u>\$ 10,703,015</u> | <u>\$ 233,369</u> | <u>\$ (67,892)</u> | <u>\$ 10,868,492</u> |

Depreciation expense for the year ended June 30, 2022, was charged to functions of the City as follows:

| | |
|------------------------------|-------------------|
| Government Activities: | |
| General Government | \$ 174,115 |
| Public Safety | 70,085 |
| Public Works | 77,027 |
| Sanitation | <u>204,931</u> |
| Total Depreciation Expense - | |
| Governmental Activities | <u>\$ 526,158</u> |

Beginning amounts have been restated to reflect the prior period restatement made due to the implementation of new lease standard.

Note 7 - Long-Term Obligations

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--------------------------|----------------------|-------------------|---------------------|---------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Sewer Revenue Bonds | \$ 1,460,000 | \$ - | \$ (125,000) | \$ 1,335,000 | \$ 130,000 |
| Sewer Refunding Bonds | 1,805,000 | - | (225,000) | 1,580,000 | 230,000 |
| Fire Revenue Bonds | - | 470,000 | (45,000) | 425,000 | 45,000 |
| Sales Tax Revenue Bonds | <u>2,355,000</u> | <u>-</u> | <u>(570,000)</u> | <u>1,785,000</u> | <u>580,000</u> |
| Total Bonds Payable | 5,620,000 | 470,000 | (965,000) | 5,125,000 | 985,000 |
| Claims and Judgements | 1,673,806 | 198,340 | - | 1,872,146 | 12,624 |
| Accrued Vacation Pay | 179,649 | - | (36,924) | 142,725 | 87,062 |
| Building | <u>322,766</u> | <u>-</u> | <u>(24,000)</u> | <u>298,766</u> | <u>24,000</u> |
| Total Long-Term Debt | <u>\$ 7,796,221</u> | <u>\$ 668,340</u> | <u>\$ 1,025,924</u> | <u>\$ 7,438,637</u> | <u>\$ 1,108,686</u> |

The outstanding revenue bonds as of June 30, 2022 are comprised of the following individual issues:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 7 - Long-Term Obligations

\$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 or 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 or 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.

\$470,000 Sales Tax Revenue Bonds, Series 2021 - - dated June 28, 2021, bear interest at 1.70% per annum, interest due March 1 and September 1 of each year, principal payable March 1 of each year.

The annual requirements to amortize the revenue bonds of the governmental activities as of June 30, 2022 are as follows:

| Year Ending June 30, | General Fund | Sewer Use Fee Fund | Sales Tax Fund | Sales Tax Revenue | Totals |
|----------------------------|-------------------|---------------------------|-------------------------------------|----------------------|---------------------|
| | Fire Bonds | Sewer Revenue Bonds | Sewer Refunding Revenue Bonds | Bonds | |
| 2023 | \$ 45,000 | \$ 125,000 | \$ 230,000 | \$ 580,000 | \$ 980,000 |
| 2024 | 45,000 | 130,000 | 230,000 | 595,000 | 1,000,000 |
| 2025 | 45,000 | 130,000 | 235,000 | 610,000 | 1,020,000 |
| 2026 | 45,000 | 135,000 | 245,000 | - | 425,000 |
| 2027 | 45,000 | 105,000 | 245,000 | - | 395,000 |
| 2028-32 | 200,000 | 580,000 | 395,000 | - | 1,175,000 |
| 2033 | - | 130,000 | - | - | 130,000 |
| Totals | <u>\$ 425,000</u> | <u>\$ 1,335,000</u> | <u>\$ 1,580,000</u> | <u>\$ 1,785,000</u> | <u>\$ 5,125,000</u> |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 7 - Long-Term Obligations (continued)

The City incurred and charged to expense \$619,705 of interest costs and fiscal charges during the year ended June 30, 2022, on a revenue anticipation note, capital lease, 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, 2022, are as follows:

| Year Ending June 30, | General Fund | Sewer Use Fee Fund | | Sales Tax Fund | Totals |
|--------------------------------|------------------|--------------------|-------------------------------|----------------------|-------------------|
| | Fire | Sewer Revenue | Sewer Refunding Revenue | Sales Tax Revenue | |
| | Bonds | Bonds | Bonds | Bonds | |
| 2023 | \$ 7,225 | \$ 52,173 | \$ 34,465 | \$ 36,179 | \$ 130,042 |
| 2024 | 6,460 | 46,945 | 29,635 | 21,962 | 105,002 |
| 2025 | 5,695 | 41,615 | 24,402 | 7,381 | 79,093 |
| 2026 | 4,930 | 36,183 | 18,821 | - | 59,934 |
| 2027 | 4,165 | 31,263 | 21,231 | - | 56,659 |
| 2028-32 | 8,500 | 88,560 | - | - | 97,060 |
| 2033 | - | 2,665 | - | - | 2,665 |
| Totals | <u>\$ 36,975</u> | <u>\$ 299,404</u> | <u>\$ 128,554</u> | <u>\$ 65,522</u> | <u>\$ 530,455</u> |

Note 8 - 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 an economic development award program (“EDAP”) effective October 17, 2014, with Flying Tiger Aviation, LLC, (“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 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 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 15th 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.

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 \$298,766.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 9 - 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 10 - Fund Balances

Inventory at year end is equally offset by an unexpectable 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, the 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 11 - 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 other purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

Note 12 - Agreement for Operations, Maintenance, and Management Services

An agreement was entered into between the City 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 tied 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.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 12 - Agreement for Operations, Maintenance, and Management Services (continued)

Since the ending of the original five years, the agreement has been amended to extend the contract 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, 2022 was \$1,308,973.

Note 13 - Cooperative Endeavor Agreements

On September 1, 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 an additional two-year period 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 14 - Contingencies and Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City 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 charge 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 collectability of any related receivables as of June 30, 2021, may be impaired. In the opinion of the City management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying financial statements for such contingencies.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans

STATE RETIREMENT SYSTEMS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

Substantially all city employees, except firemen and policemen are members of the Municipal Employees' Retirement System of Louisiana (MERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Each of these are separated by first employment date of which those before January 1, 2013 are in Plan A and those after in Plan A Tier 2. All members participate in Plan A or Plan A Tier 2 based on those dates.

All permanent employees working at least 35 hours per week and elected city officials are required to participate in the system. Under the MERS Plan A, a member who retires at or after age 60 with at least 10 years of creditable service or at any age with 25 years of creditable service is entitled to a full retirement benefit, payable monthly for life, equal to 3 percent of the member's final compensation multiplied by his years of creditable service. With MERS Plan A Tier 2, a member who retires at or after age 67 with at least 7 years of creditable service, at or after age 62 with at least 10 years of creditable service or at 55 age with 30 years of creditable service are entitled to the same benefits as noted with Plan A.

Final compensation is a member's average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted. A member who withdraws from active service prior to retirement eligibility is entitled to receive benefits beginning on the normal retirement date, assuming completion of the required years of creditable service and no prior refund of contributions. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy – State statute requires covered employees to contribute 9.5 percent of their salaries to the System. 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 current actuarially determined rate is 29.5 percent of annual covered payroll. The City's contributions to the System under Plan A for the years ending June 30, 2022, 2021 and 2020 were \$325,449, \$327,438 and \$312,375, respectively, equal to the required contributions for each year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

At June 30, 2022, the City reported a liability of \$1,468,214 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was .5278%, which was a decrease of 0.0612% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized net pension expense of \$(104,056), net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$272,193.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 529 | \$ (16,790) |
| Changes of assumptions | 53,654 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (413,670) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | - | (285,987) |
| Employer contributions subsequent to the measurement date | 325,449 | - |
| Total | <u>\$ 379,632</u> | <u>\$ (716,447)</u> |

The City reported a total of \$325,449 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended June 30, 2022.

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

| Year | MERS |
|------|---------------------|
| 2022 | \$ (261,901) |
| 2023 | (153,686) |
| 2024 | (106,648) |
| 2025 | (140,029) |
| | <u>\$ (662,264)</u> |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, is as follows:

| | |
|---|---|
| Valuation Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Expected Remaining Service Lives | 3 years |
| Investment Rate of Return/Inflation Rate | 6.85%, net of investment expense; 2.50% inflation |
| Projected salary increases | 4.5 to 6.4% |
| Employee mortality | PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales |
| Disabled lives mortality | PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP 2018 scale |
| Annuitant and beneficiary mortality | PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales |

Discount Rate

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021, are summarized in the following table:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

| Asset Class | Target Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|--------------------------|---|
| Public Equity | 53% | 2.31% |
| Public fixed income | 38% | 1.65% |
| Alternative Investments | 9% | 0.39% |
| Total | 100% | 4.35% |
| Inflation | | 2.50% |
| Expected Arithmetic Nominal Return | | 6.85% |

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2021 is 3 years.

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

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

| | <u>1.0% Decrease</u> | <u>Current Discount Rate</u> | <u>1.0% Increase</u> |
|-----------------|----------------------|----------------------------------|----------------------|
| MERS | | | |
| Rates | 5.85% | 6.85% | 7.85% |
| COB Share - NPL | \$2,174,499 | \$1,468,214 | \$871,659 |

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

All full-time police officers engaged in law enforcement are required to participate in the Municipal Police Employees' Retirement System (MPERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. Members who started prior to January 1, 2013, can retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of the member's average final compensation multiplied by his years of creditable service, not to exceed 100 percent of his average final compensation.

Average final compensation is the average annual earned compensation of a member for any period of 36 successive or joined months of service that produces the highest average.

Members who started on or after January 1, 2013, retire under one of two plans, Hazardous Duty or Non Hazardous Duty. Under Hazardous Duty, at or after age 55 with 12 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation. Under Non Hazardous Duty, at or after age 60 with 10 years of creditable service, 25 years of credible service at age 55, or at any age with 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 1/2 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation.

For these members, average final compensation is the average annual earned compensation of a member for any period of 60 successive or joined months of service that produces the highest average.

The system also provides death and disability benefits. Benefits are established by state statute Funding Policy. State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The City is required to contribute 29.75 percent of covered employees' salaries. 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.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

The City's contributions to the System for the years ending June 30, 2022, 2021, and 2020 were \$176,269, \$227,899 and \$208,683, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225) 929-7411.

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

At June 30, 2022, the City reported a liability of \$1,180,076 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.2214%, which was an increase of .0135% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of (\$59,080) net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$123.852.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ (36,343) |
| Changes of assumptions | 130,687 | (33,663) |
| Net difference between projected and actual earnings on pension plan investments | - | (551,003) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 86,086 | (264,662) |
| Employer contributions subsequent to the measurement date | 176,269 | - |
| Total | <u>\$ 393,042</u> | <u>\$ (885,671)</u> |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

The City reported a total of \$176,269 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended June 30, 2022.

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

| Year | MPERS |
|------|---------------------------|
| 2022 | \$(231,685) |
| 2023 | (170,907) |
| 2024 | (76,473) |
| 2025 | (189,833) |
| | <u><u>\$(668,898)</u></u> |

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, is as follows:

| | |
|---|---|
| Valuation Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Expected Remaining Service Lives | 4 years |
| Investment Rate of Return/Inflation Rate | 6.75%, net of investment expense, 2.50% inflation |
| Projected salary increases | 4.70 to 12.30% based on years of service |
| Mortality | For employees, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used For disabled lives, the Pub-2010 Public Retirement Plan Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used for |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

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

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

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the system's target allocation as of June 30, 2021, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|--------------------------|---|
| Equity | 55.50% | 3.47% |
| Fixed Income | 30.50% | 0.60% |
| Alternative Investments | 14.00% | 1.01% |
| Other | 0.00% | 0.00% |
| Total | 100% | 5.08% |
| Inflation | | 2.22% |
| Expected Arithmetic Nominal Return | | 7.30% |

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

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

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

| | <u>1.0% Decrease</u> | <u>Current Discount Rate</u> | <u>1.0% Increase</u> |
|----------------|----------------------|----------------------------------|----------------------|
| MPERS | | | |
| Rates | 5.75% | 6.75% | 7.75% |
| COB Share- NPL | \$ 2,056,687 | \$ 1,180,076 | \$ 448,403 |

FIREFIGHTERS' RETIREMENT SYSTEM

All full-time firefighters for the City who are engaged in fire protection are eligible to participate in the Firefighters' Retirement System (FRS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

A member who has completed 20 years of creditable service and has reached the age of 50, with at least 12 years of service who has reached the age of 55, as well as anyone with 25 years of service at any age are eligible for retirement. Upon retirement, the benefit amount is 3-1/3 percent of average final compensation multiplied by years of creditable service, not to exceed his average final compensation. Average final compensation is the member's average annual earned compensation for any period of 36 successive or joined months of service that produce the highest average. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The City is required to contribute 33.75 percent of covered employees' salaries. 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 contribution to the System for the years ending June 30, 2022, 2021 and 2020 were \$436,096, \$402,586, and \$339,187, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809-1752, or by calling (225) 925-4060.

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

At June 30, 2022, the City reported a liability of \$1,764,069 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was .4978%, which was an increase of 0.0078% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$191,972 net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$18,194.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 25,175 | \$ (158,417) |
| Changes of assumptions | 382,261 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (1,070,540) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 62,331 | (98,293) |
| Employer contributions subsequent to the measurement date | 436,096 | - |
| Total | <u>\$ 905,863</u> | <u>\$ (1,327,250)</u> |

The City reported a total of \$436,096 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended June 30, 2022.

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

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

| Year | FRS |
|---------------------|---------------------|
| 2022 | \$ (177,153) |
| 2023 | (197,819) |
| 2024 | (236,333) |
| 2025 | (313,068) |
| 2026 and thereafter | 66,890 |
| | <u>\$ (857,483)</u> |

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, is as follows:

| | |
|---|--|
| Valuation Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Expected Remaining Service Lives | 7 years |
| Investment Rate of Return | 6.9%, net of investment expense |
| Inflation Rate | 2.50 per annum |
| Projected salary increases | 5.2-14.1% per year based on years of service |
| Mortality | For active members, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below_Median Employees For annuitants and beneficiaries, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below_Median Healthy Retirees For disabled retirees, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Disabled Retirees In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale. |
| Cost of Living Adjustments | Only those previously granted. |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 15 - Pension and Retirement Plans (continued)

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns and the correlation of the returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined.

| Asset Class | Target Asset Allocation |
|-------------------------|--------------------------------|
| Equity | 56.00% |
| Fixed Income | 26.00% |
| Alternative Investments | 18.00% |
| Multi-Asset Strategies | 0.00% |
| Total | 100.00% |

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

| | 1.0% Decrease | Current Discount Rate | 1.0% Increase |
|----------------|----------------------|------------------------------|----------------------|
| FRS | | | |
| Rates | 5.9% | 6.9% | 7.9% |
| COB Share- NPL | \$ 3,384,237 | \$ 1,764,069 | \$ 412,867 |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 16 - Post Employment Benefits

The City of Bastrop provides continuing employees benefits for its employees who retired with the State Municipal Retirement System, the Police Retirement System and Fire Retirement System. 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 Disabled Retirement from MERS, MPERS, or FRS.

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

Effective July 1, 2022, the City eliminated the HMO plan and offers the Freedom plan and Medicare Advantage plan.

The City records the cost of these benefits as expenditures on a monthly basis. These premiums are financed on a "pay-as-you-go" basis.

The Governmental Accounting Standards Board released Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (GASB 74) and Statement No. 75 – Accounting and Financial Reports for Post-Employment Benefit Plans Other than Pension Plans (GASB 75) in June 2015. These two statements supersede GASB Statements 43 and 45, respectively, and establish uniform accounting and financial reporting standards for state and local governmental entities related to post-employment benefits other than pensions.

GASB 74 must be adopted for fiscal years beginning after June 15, 2016, and GASB 75 must be adopted for fiscal years beginning after June 15, 2017. While the previous statements allowed smaller entities the ability to have valuations every three years, the replacement standards require all entities, regardless of size to have a valuation performed every two years, with roll forward valuations performed on years between.

Actuarial Cost Method

Whereas GASB 43 and GASB 45 allowed for one of six different actuarial cost methods, GASB 74 and GASB 75 require the Entry Age Normal Cost Method based on a level percentage of projected salary.

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the benefit terms:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 16 - Post Employment Benefits (continued)

| | |
|--|-----------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 106 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>93</u> |
| TOTAL | <u><u>199</u></u> |

Total OPEB Liability

The City's total OPEB liability of \$11,752,377 was measured as of June 30, 2022, and was determined by an actuarial valuation date of July 1, 2021.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Inflation | 2.4% |
| Salary increases | 3.0%, including inflation |
| Prior Discount rate | 1.92% |
| Discount rate | 3.69%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | Various by year ranging from 1.41%-6.25% |
| Mortality | PubG.H-2010 Mortality Tables (based on retirement status), Generational with Projection Scale MP-2021 |

The discount rate was based on the Fidelity General Obligation AA 20-Year Yield as of June 30, 2022, the end of the applicable measurement period.

Changes in the Total OPEB Liability

| | |
|--|-----------------------------|
| Balance at June 30, 2021 | \$ 16,477,423 |
| Changes for the year: | |
| Service cost | 473,581 |
| Interest | 620,525 |
| Differences between expected and actual experience | (1,524,253) |
| Changes of assumptions | (4,045,723) |
| Benefit payments and net transfers | <u>(249,176)</u> |
| Net changes | <u>(4,725,046)</u> |
| Balance at June 30, 2022 | <u><u>\$ 11,752,377</u></u> |

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69%) or 1-percentage-point higher (4.69%) than the current discount rate:

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 16 - Post Employment Benefits (continued)

| | 1.0% Decrease (2.69%) | Current Discount Rate (3.69%) | 1.0% Increase (4.69%) |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB liability | \$ 13,307,946 | \$ 11,752,377 | \$ 10,464,668 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.69%) or 1-percentage-point higher (4.69%) than the current healthcare trend rates:

| | 1.0% Decrease (2.69%) | Current Trend (3.69%) | 1.0% Increase (4.69%) |
|----------------------|----------------------------------|----------------------------------|----------------------------------|
| Total OPEB liability | \$ 10,288,025 | \$ 11,752,377 | \$ 13,570,423 |

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

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ (1,122,614) |
| Changes in assumptions | 201,437 | (2,697,148) |
| Total | \$ 201,437 | \$ (3,819,762) |

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

Years ending June 30:

| | |
|------|-------------|
| 2023 | (1,761,667) |
| 2024 | (1,856,658) |
| 2025 | - |
| 2026 | - |
| 2027 | - |

Note 17 - Interfund Receivables and Payables

Interfund balances at June 30, 2022, were as follows:

| Major Funds: | <u>Fund</u> | <u>Receivables</u> | <u>Interfund</u> | <u>Payables</u> |
|---------------------------|-------------|--------------------|------------------|-----------------|
| General Fund | | \$ - | | \$ 1,852,515 |
| American Rescue Plan Fund | | 1,852,515 | | - |

CITY OF BASTROP, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note 17 - Interfund Receivables and Payables (continued)

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Note 18 - Leases

In 2017, the City entered into a lease agreement for a fire truck. Payments are \$35,529 annually at an interest rate of 3.20% for 10 years. Due to the new accounting standard affecting leases, this lease was added to statement of net position – governmental activities retroactively to the financials for the year ended June 30, 2021, by a prior period adjustment. The lease asset for the fire truck is recorded at \$300,000 with accumulated amortization of \$145,000 as of June 30, 2022.

At the end of 2017, the City entered into a lease agreement for a tractor. Payments are \$2,339 monthly for 60 months using a borrowers implicit rate of 3.5%. Due to the new accounting standard affecting leases, this lease was added to statement of net position – governmental activities retroactively to the financials for the year ended June 30, 2021, by a prior period adjustment. The lease asset for the tractor is recorded at \$128,578 with accumulated amortization of \$115,719 as of June 30, 2022.

In early 2018, the City entered into a lease agreement for an asphalt truck. Payments are \$3,165 monthly at an interest rate of 3.38% for 72 months. Due to the new accounting standard affecting leases, this lease was added to statement of net position – governmental activities retroactively to the financials for the year ended June 30, 2021, by a prior period adjustment. The lease asset for the asphalt truck is recorded at \$206,000 with accumulated amortization of \$143,056 as of June 30, 2022.

Note 19 - Prior Period Adjustments

During the audit for the year ended June 30, 2022, it was determined that sales tax receivables were not reported on the general fund and sales tax fund in fiscal year 2021. The statements have been restated to include sales tax receivables. The effect is that fund balance in the general fund was restated and increased by \$486,133, the sales tax fund balance was restated and increased by \$97,186 and government-wide net position was restated and increased \$583,319.

Note 20 - Subsequent Events

Subsequent events have been evaluated through March 28, 2024, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance With Final Budget Positive (Negative) |
|---|-----------------------------------|--------------------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues | | | | |
| Property Taxes | \$ 3,076,000 | \$ 3,016,644 | \$ 3,079,589 | \$ 62,945 |
| Sales Taxes | 5,722,462 | 5,830,602 | 5,802,992 | (27,610) |
| Franchise Taxes | 253,500 | 346,723 | 383,160 | 36,437 |
| Licenses and Permits | 416,200 | 489,661 | 505,798 | 16,137 |
| Intergovernmental | 2,109,437 | 1,590,277 | 1,615,058 | 24,781 |
| Charges for Services | 272,118 | 421,552 | 433,295 | 11,743 |
| Fines and Forfeitures | 59,000 | 50,245 | 59,151 | 8,906 |
| Miscellaneous | 371,050 | 599,672 | 584,936 | (14,736) |
| Interest Income | 2,500 | 3,692 | 5,325 | 1,633 |
| Sale of Assets | 8,000 | 25,069 | 25,069 | - |
| Total Revenues | 12,290,267 | 12,374,137 | 12,494,373 | 120,236 |
| Expenditures | | | | |
| General Government | 3,466,809 | 3,186,321 | 3,136,024 | 50,297 |
| Public Safety | 5,937,667 | 5,117,389 | 5,182,805 | (65,416) |
| Public Works | 1,797,241 | 1,739,293 | 1,616,965 | 122,328 |
| Sanitation | 2,652,947 | 1,737,738 | 1,751,488 | (13,750) |
| Capital Outlay | 147,980 | 356,738 | 517,275 | (160,537) |
| Debt Service | 710,000 | 520,660 | 544,660 | (24,000) |
| Total Expenditures | 14,712,644 | 12,658,139 | 12,749,217 | (91,078) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Proceeds from Bond Issuance | 700,000 | 470,000 | 470,000 | - |
| <u>Net Change in Fund Balance</u> | (1,722,377) | 185,998 | 215,156 | 29,158 |
| <u>Fund Balance at Beginning of Year</u> | 3,875,335 | 3,785,335 | 4,121,802 | 336,467 |
| <u>Fund Balance at End of Year</u> | <u>\$ 2,152,958</u> | <u>\$ 3,971,333</u> | <u>\$ 4,336,958</u> | <u>\$ 365,625</u> |

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - SEWER USE FEE FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Budgeted Amounts</u> | | | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-----------------------------------|--------------------------------|----------------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues | | | | |
| Charges for Services | \$ 1,601,200 | \$ 1,531,877 | \$ 1,624,216 | \$ 92,339 |
| Interest Income | 8,000 | 3,223 | 5,348 | 2,125 |
| Total Revenues | 1,609,200 | 1,535,100 | 1,629,564 | 94,464 |
| Expenditures | | | | |
| Sanitation | 237,920 | 237,486 | 238,156 | (670) |
| Capital Outlay | 191,000 | 22,794 | 22,794 | - |
| Debt Service | 412,300 | 604,818 | 449,313 | 155,505 |
| Total Expenditures | 841,220 | 865,098 | 710,263 | 154,835 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Proceeds from Bond Issuance | - | - | - | |
| <u>Net Change in Fund Balance</u> | 767,980 | 670,002 | 919,301 | 249,299 |
| <u>Fund Balance at Beginning of Year</u> | 6,712,670 | 5,637,233 | 6,623,199 | 985,966 |
| <u>Fund Balance at End of Year</u> | <u>\$ 7,480,650</u> | <u>\$ 6,307,235</u> | <u>\$ 7,542,500</u> | <u>\$ 1,235,265</u> |

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Budgeted Amounts</u> | | | Variance With Final Budget Positive (Negative) |
|---|-----------------------------------|--------------------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | |
| Revenues | | | | |
| Sales Taxes | \$ 900,000 | \$ 1,368,853 | \$ 1,158,693 | \$ (210,160) |
| Intergovernmental | 20,000 | 20,000 | 20,000 | - |
| Miscellaneous Income | 300 | - | - | - |
| Interest Income | 2,000 | 52,585 | 1,148 | (51,437) |
| Total Revenues | 922,300 | 1,441,438 | 1,179,841 | (261,597) |
| Expenditures | | | | |
| Public Works | 94,885 | 155,557 | 150,693 | 4,864 |
| Capital Outlay | 202,951 | 175,339 | 182,957 | (7,618) |
| Debt Service | 620,094 | 600,996 | 622,594 | (21,598) |
| Total Expenditures | 917,930 | 931,892 | 956,244 | (24,352) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Proceeds from Bond Issuance | - | - | - | - |
| <u>Net Change in Fund Balance</u> | 4,370 | 509,546 | 223,597 | (285,949) |
| <u>Fund Balance at Beginning of Year</u> | 4,894,582 | 5,274,923 | 5,369,965 | 95,042 |
| <u>Fund Balance at End of Year</u> | <u>\$ 4,898,952</u> | <u>\$ 5,784,469</u> | <u>\$ 5,593,562</u> | <u>\$ (190,907)</u> |

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - ARPA FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Budgeted Amounts | | | Variance With Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|---------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 1,853,515 | \$ - | \$ 1,853,515 |
| Interest Income | - | - | - | - |
| Total Revenues | - | 1,853,515 | - | (1,853,515) |
| Expenditures | | | | |
| Public Works | - | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | - | - | - | - |
| Total Expenditures | - | - | - | - |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Proceeds from Bond Issuance | - | - | - | - |
| <u>Net Change in Fund Balance</u> | - | 1,853,515 | - | (1,853,515) |
| <u>Fund Balance at Beginning of Year</u> | - | - | - | - |
| <u>Fund Balance at End of Year</u> | <u>\$ -</u> | <u>\$ 1,853,515</u> | <u>\$ -</u> | <u>\$ (1,853,515)</u> |

See accompanying notes and auditor's report.

CITY OF BASTROP, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2022

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

1. The City Clerk, with input from the Mayor and all department heads, prepares the proposed budget information for the general and major special revenue funds. Once reviewed and approved by the City Clerk and Mayor, the budgets for each fiscal year are submitted to the City Council for approval. This is done no later than fifteen days prior to the City Council meeting in June each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After holding the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, (GAAP) except as stated above. Budgeted amounts are as originally adopted or as amended by City Council.

Budget comparison schedules included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

| MERS | | | | | |
|----------------------|--|---|-------------------------------------|---|--|
| Year Ending June 30, | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
| 2015 | 0.7200% | 1,839,348 | 1,202,986 | 152.90% | 75.45% |
| 2016 | 0.6900% | 2,462,877 | 1,169,721 | 210.55% | 66.18% |
| 2017 | 0.6900% | 2,760,830 | 1,191,340 | 231.74% | 62.11% |
| 2018 | 0.7300% | 3,055,178 | 1,323,556 | 230.83% | 62.49% |
| 2019 | 0.7500% | 3,093,298 | 1,363,902 | 226.80% | 63.69% |
| 2020 | 0.6900% | 2,892,699 | 1,281,496 | 225.73% | 64.68% |
| 2021 | 0.5900% | 2,546,276 | 1,125,676 | 226.20% | 64.52% |
| 2022 | 0.5300% | 1,468,214 | 1,103,217 | 133.08% | 79.14% |

| MPERS | | | | | |
|----------------------|--|---|-------------------------------------|---|--|
| Year Ending June 30, | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
| 2015 | 0.3200% | 2,000,320 | 847,895 | 235.92% | 75.10% |
| 2016 | 0.2700% | 2,116,084 | 722,533 | 292.87% | 70.73% |
| 2017 | 0.2800% | 2,628,944 | 782,139 | 336.12% | 66.04% |
| 2018 | 0.2800% | 2,470,727 | 842,231 | 293.36% | 70.08% |
| 2019 | 0.2900% | 2,472,872 | 860,508 | 287.37% | 71.89% |
| 2020 | 0.2500% | 2,301,015 | 791,245 | 290.81% | 71.01% |
| 2021 | 0.2100% | 1,921,351 | 642,102 | 299.23% | 70.94% |
| 2022 | 0.2200% | 1,180,076 | 594,877 | 198.37% | 84.09% |

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

* The amounts presented have a measurement date of the previous fiscal year end.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (cont.)
FOR THE YEAR ENDED JUNE 30, 2022

| FRS | | | | | |
|----------------------|--|--|--|--|--|
| Year Ending June 30, | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
| 2015 | 0.4700% | 2,095,869 | 963,303 | 217.57% | 76.02% |
| 2016 | 0.5100% | 2,758,961 | 1,086,380 | 253.96% | 72.45% |
| 2017 | 0.5300% | 3,451,419 | 1,183,572 | 291.61% | 68.16% |
| 2018 | 0.5000% | 2,884,226 | 1,176,334 | 245.19% | 73.55% |
| 2019 | 0.5100% | 2,921,653 | 1,209,298 | 241.60% | 74.76% |
| 2020 | 0.5000% | 3,109,495 | 1,199,786 | 259.17% | 73.96% |
| 2021 | 0.5000% | 3,396,286 | 1,219,845 | 278.42% | 72.61% |
| 2022 | 0.5000% | 1,764,069 | 1,292,138 | 136.52% | 86.78% |

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

* The amounts presented have a measurement date of the previous fiscal year end.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022

| MERS | | | | | |
|----------------------|---|--|------------------------------------|--|--|
| Year Ending June 30, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency(Excess) | Employer's Covered Employee Payroll | Contributions as % of Covered Employee Payroll |
| 2015 | 225,768 | 225,768 | - | 1,202,986 | 18.77% |
| 2016 | 232,408 | 232,408 | - | 1,169,721 | 19.87% |
| 2017 | 237,643 | 237,643 | - | 1,191,340 | 19.95% |
| 2018 | 301,049 | 301,049 | - | 1,323,556 | 22.75% |
| 2019 | 337,566 | 337,566 | - | 1,363,902 | 24.75% |
| 2020 | 333,189 | 333,189 | - | 1,281,496 | 26.00% |
| 2021 | 312,375 | 312,375 | - | 1,125,676 | 27.75% |
| 2022 | 325,449 | 325,449 | - | 1,103,217 | 29.50% |

| MPERS | | | | | |
|----------------------|---|--|------------------------------------|--|--|
| Year Ending June 30, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency(Excess) | Employer's Covered Employee Payroll | Contributions as % of Covered Employee Payroll |
| 2015 | 263,017 | 263,017 | - | 847,895 | 31.02% |
| 2016 | 227,601 | 227,601 | - | 722,533 | 31.50% |
| 2017 | 231,782 | 231,782 | - | 782,139 | 29.63% |
| 2018 | 268,240 | 268,240 | - | 842,231 | 31.85% |
| 2019 | 264,607 | 264,607 | - | 860,508 | 30.75% |
| 2020 | 255,176 | 255,176 | - | 791,245 | 32.25% |
| 2021 | 208,683 | 208,683 | - | 642,102 | 32.50% |
| 2022 | 176,269 | 176,269 | - | 594,877 | 29.63% |

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

For reference only:

¹ Employer contribution rate multiplied by employer's covered employee payroll

² Actual employer contributions remitted to the respective pension funds

³ Employer's covered employee payroll amount for the fiscal year ended.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS (cont.)
FOR THE YEAR ENDED JUNE 30, 2022

| FRS | | | | | |
|----------------------|---|--|------------------------------------|---|--|
| Year Ending June 30, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency(Excess) | Employer's Covered Employee Payroll | Contributions as % of Covered Employee Payroll |
| 2015 | 272,133 | 272,133 | - | 963,303 | 28.25% |
| 2016 | 317,766 | 317,766 | - | 1,086,380 | 29.25% |
| 2017 | 324,213 | 324,213 | - | 1,183,572 | 27.39% |
| 2018 | 296,781 | 296,781 | - | 1,176,334 | 25.23% |
| 2019 | 320,464 | 320,464 | - | 1,209,298 | 26.50% |
| 2020 | 318,041 | 318,041 | - | 1,199,786 | 26.50% |
| 2021 | 338,507 | 338,507 | - | 1,219,845 | 27.75% |
| 2022 | 436,096 | 436,096 | - | 1,292,138 | 33.75% |

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

For reference only:

¹ Employer contribution rate multiplied by employer's covered employee payroll

² Actual employer contributions remitted to the respective pension funds

³ Employer's covered employee payroll amount for the fiscal year ended.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 309,274 | \$ 318,552 | \$ 345,316 | \$ 441,221 | \$ 473,581 |
| Interest | 488,690 | 429,970 | 367,300 | 310,301 | 620,525 |
| Changes in benefit terms | - | - | - | - | - |
| Difference between expected and actual experience | 98,351 | 156,730 | (490,156) | (319,335) | (1,524,253) |
| Changes in Assumptions | - | 961,677 | 1,424,539 | 604,310 | (4,045,722) |
| Benefit Payments | (698,956) | (663,880) | (587,630) | (558,780) | (249,176) |
| Net Change in Total OPEB Liability | <u>197,359</u> | <u>1,203,049</u> | <u>1,059,369</u> | <u>477,717</u> | <u>(4,725,045)</u> |
| Total OPEB liability - beginning | <u>13,539,929</u> | <u>13,737,288</u> | <u>14,940,336</u> | <u>15,999,705</u> | <u>16,477,422</u> |
| Total OPEB liability - ending (a) | <u>\$ 13,737,288</u> | <u>\$ 14,940,337</u> | <u>\$ 15,999,705</u> | <u>\$ 16,477,422</u> | <u>\$ 11,752,377</u> |
| Covered Employee Payroll | \$ 2,976,905 | \$ 3,066,212 | \$ 3,068,249 | \$ 3,160,296 | \$ 3,560,256 |
| Net OPEB liability as a percentage of covered employee payroll | 461.46% | 487.26% | 521.46% | 521.39% | 330.10% |
| Notes to Schedule: | | | | | |
| <i>Benefit Changes:</i> | None | None | None | None | None |
| <i>Changes in Assumption :</i> | | | | | |
| <i>Discount Rate:</i> | 3.62% | 3.13% | 2.45% | 1.92% | 3.69 |
| <i>Mortality:</i> | RPH-2014 | Pub G.H-2010 | Pub G.H-2010 | Pub G.H-2010 | Pub G.H-2010 |

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

SUPPLEMENTARY INFORMATION

CITY OF BASTROP, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2022

| | | |
|-----------------|----|--------|
| Darry Green, Jr | \$ | 10,291 |
| Howard Loche | | 10,291 |
| Angela Moore | | 10,291 |
| Robert Shaw | | 10,291 |
| Larry Prater | | 10,291 |
| | | <hr/> |
| | \$ | 51,455 |
| | | <hr/> |

TOWN OF BASTROP, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2022

| | |
|----------------|-----------------------------|
| Agency Head | Mayor Betty Alford Olive |
| Salary | \$ 81,206 |
| Auto Allowance | <u>7,200</u> |
| Total | <u><u>\$ 88,406</u></u> |

CITY OF BASTROP, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2022

| Cash Basis Presentation | First Six Month Period Ended <u>12/31/2021</u> | Second Six Month Period Ended <u>6/30/2022</u> |
|---|---|---|
| Receipts from: | | |
| Bastrop City Court: | | |
| Bond Forfeitures | \$ 220 | \$ 609 |
| Court Fines | <u>18,681</u> | <u>30,326</u> |
| Total Receipts | <u><u>18,901</u></u> | <u><u>30,935</u></u> |
| Ending balance of amounts assessed but not received | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



**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**

Honorable Mayor and Board of Alderpersons of
Bastrop, Louisiana

I 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 the City of Bastrop, Louisiana (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 and 2022-005 to be material weaknesses.

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.



Honorable Mayor and Board of Alderpersons of
Bastrop, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-002, 2022-003, 2022-004, 2022-006, and 2022-007.

City of Bastrop, Louisiana's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in my audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of the Report

The purpose of this report is solely to describe the scope of my 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Maxwell CPA, LLC

Sterlington, Louisiana
March 28, 2024

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Reports

1. The auditor's report expresses an unmodified opinion on the basic government financial statements of the City of Bastrop, Louisiana.
2. The audit disclosed two material weaknesses in internal control required to be reported under *Government Auditing Standards*.
3. The audit disclosed five instances of noncompliance required to be reported under *Government Auditing Standards*.

B. Federal Awards – N/A

Section II - Financial Statement Findings

2022-001 Segregation of Duties

Criteria

Good internal control procedures require that an entity separate certain duties by personnel.

Condition

Due to the small number of administrative personnel, the City did not have adequate segregation of duties. Evidence obtained from audit procedures indicated the following:

1. Possible management override of controls
2. Overall lack of adequate communication between officials, departments, and employees
3. Lack of monitoring procedures

Cause

The small administrative staff causes multiple duties to be performed by the same person.

Effect

The City may be at 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. State laws and regulations with the City's policies may be violated.

Recommendation

Management should make an effort to ensure that the City's internal control system is properly designed, implemented, and monitored. Additionally, the Mayor and/or someone on the board should review bank reconciliations and bank statements each month.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

2022-001 Segregation of Duties (continued)

Management's Response and Planned Corrective Action

The administration has already initiated efforts to ensure internal control procedures are followed properly. While understaffing has continued to be problematic, the administration has implemented internal control by outsourcing bank reconciliation to a local team of experienced accountants with the plan to continue this service agreement on an annual contractual basis. The existing staff members have been assigned specific duties such as tax collector and treasurer. The Mayor will require all bank reconciliation statements duties to be completed monthly and require that all statements and reconciliations to be reviewed by the Mayor. Financial reviews will be presented to the financial committee every two months.

2022-002 Personnel Related Policies and Issues

Criteria

Payroll is generally the largest expenditure of a government agency. Therefore, it is important that controls over payroll are in place and working properly.

Condition

As of June 30, 2022, two department heads had accumulated compensatory hours of 1,194 (34% of monetary compensatory time earned by all employees as of June 30, 2022). If these employees had left employment of the City as of June 30, 2022, the City would have been obligated to pay approximately \$18,600 of additional compensation to these two 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 two same employees had accumulated more than 480 hours as of June 30, 2022. The policy also stated that after an employee had earned more than 480 hours, the employee must take off any excess compensatory time earned before the end of the payroll period.

Also, during the audit it was discovered that upon leaving the City employment, a former employee was paid twice her compensatory time that was owed. The City was unaware she was paid twice until it was pointed out by the auditor.

Cause

The City has not mandated strict adherence to formal policies concerning the use of compensatory time.

Effect

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

Recommendation

Additional oversight of compensatory time should be required and documented by supervisors in each department.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

2022-002 Personnel Related Policies and Issues (continued)

Management's Response and Planned Corrective Action

Oversight of compensatory time was reinforced immediately upon the submission of the audit year ending 2021. The Mayor met with department heads to identify the problems, which were attributed to employee shortage. Measures taken to correct the problem include: following proper procedures, limiting the accrual of compensatory time from **480** hours to **150** hours to avoid excessive payouts upon separation of employment by utilizing accumulated compensatory time when possible to decrease the accrual of hours, which occurred over a period of years of employment. The additional oversight by the department heads and supervisors along with documentation and adherence to policy have aided in the reduction of excessive accumulation of hours. This procedure will continue to be enforced to achieve the goal of staying within the guidelines as set forth by reduction of accumulated hours. Consideration is provided for extenuating circumstances upon the consideration of the Mayor.

2022-003 Excessive Overtime Pay

Criteria

Internal controls over payroll should include proper approval and support for overtime pay.

Condition

During the audit, documentation was provided that a city employee had been paid excessive overtime from July 31, 2021, to September 24, 2021. The excessive and unreasonable overtime was presented to the City of Bastrop Civil Service Board, and they concluded that the employee owed the money back to the city.

Cause

The employee did not have proper documentation of the overtime hours worked.

Effect

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

Recommendation

Additional oversight and approval should be required for overtime worked by city employees.

Management's Response and Planned Corrective Action

Upon discovery of the excessive and unreasonable overtime of the employee occurred during the time period the department was awaiting the confirmation of a Chief. The State Police was notified and investigated the situation and ultimately, they turned their report over to the District Attorney's Office. The administration sent a collection letter to the now, former employee. A Chief was confirmed on December 9, 2022 and the necessary extra layer of oversight monitoring is now in place.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

2022-004 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974

Criteria

Article V11, 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 corporation.

Condition

- 1) Owed the City as of June 30, 2022, 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 owner's 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 then 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".

The 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.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

2022-004 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974 (continued)

- 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 violations 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 garnished 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 Corrective Action

Department head meetings are being held with all departments to reinforce adherence to policy. Every department, including the Mayor's office has a visible posting of Article VII, Section 14 of the Louisiana Constitution of 1974. Employees are informed of the consequences of violation of this policy. The legal weakness in this area has been resolved with the Mayor's appointment of a City Civil Attorney and confirmation on August 10, 2023. The attorney is familiar with Article VII Section 14 and is assigned by the mayor to specifically address city civil matters and he is tasked to conduct periodic training sessions as it relates to legal matters with departments.

2022-005 Bank Reconciliations

Criteria

All cash transactions should be properly recorded, reconciled and supporting documentation maintained in accordance with the City's policies and procedures.

Condition

Bank reconciliations were not done throughout the year. After June 30, 2022, the City hired outside consultants to make all necessary postings and adjustments to the general ledger and then the bank reconciliations were done.

Cause

By management not reviewing bank reconciliations on a timely basis, it was not discovered that they were not being completed timely.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

2022-005 Bank Reconciliations (continued)

Effect

Management and the board were provided with inaccurate financial information throughout the year. It also creates an opportunity for errors and fraud to occur. Even after the outside consultants completed the reconciliations, it required additional adjustments to cash to properly reflect year-end balances.

Recommendation

The City should strengthen the policies and procedures as they relate to cash to ensure the City's financial reports are complete and accurate. All bank reconciliations should be done and reviewed within two months after the month ends.

Management's Response and Planned Corrective Action

Due to the shortage of staff and lack of advanced skill set with existing staff, the administration is seeking to hire a full-time accountant to assume the role of executing financial accounting duties according to proper procedures and in accordance with best practices. Presently, the administration is outsourcing these activities by engaging a team of skilled accountants to reconcile the banking statements in arrears and preparing the books for the auditor. While this team was hired on an ad hoc basis, it is foreseeable this team will continue performing these services on annual contractual basis to diminish the opportunities for fraud, errors, and ensure the accuracy of information being provided to the administration and board. This team will assist the administration with financial reports to be reviewed within two months after the month ends and annual budget preparation.

2022-006 Compliance with Local Government Budget Act

Condition:

For the year ended June 30, 2022, the City's Sales Tax Fund budgeted revenues exceeded its actual revenues by more than 5%.

Criteria:

Louisiana Revised Statute 39:1311 requires that the City budget should be amended if there is a 5% or greater overage in budgeted revenues as compared to actual revenues or a 5% or greater overage in actual expenditures as compare to budgeted expenditures.

Cause:

The City amended the Sales Tax Fund budget in June 2022. The amended budget increased budgeted revenues too much and created the budget variance.

Effect:

The City was not in compliance with the Local Government Budget Act.

Recommendation:

The City should monitor the budget so that it can be amended as needed. The contracted accountants should assist the City with budget amendments.

CITY OF BASTROP, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

2022-006 Compliance with Local Government Budget Act (continued)

Management's Response and Planned Corrective Action

The outside accountants will assist the City in monitoring its revenues and expenditures and assist the City in making budget adjustments throughout the year.

2022-007 Compliance with Annual Filing Deadline

Condition:

The City did not timely file its annual reports for the year ending June 30, 2022.

Criteria

Louisiana Revised Statute 24:513 requires timely filing of annual reports within six months after the end of the fiscal year.

Cause

The City has had a lot of turnover and new staff which lead to the books not being ready to audit until well after the deadline.

Effect

The City was not in compliance with state statute.

Recommendation

I recommend that the City hire additional help to ensure that the records are ready to be audited timely and the report is uploaded by the statutory due date.

Management's Response and Planned Corrective Action

Based on the aforementioned measures, many of which are being presently being implemented, the administration anticipates these issues will be resolved and the City is in a better position to submit annual reports in a timely manner. A new City Auditor was appointed by the Mayor and confirmed by the Council on August 30, 2023. The addition of the accounting team working with the administration, auditor and staff has alleviated many of the problems identified upon discovery. The administration is currently pursuing hiring an on staff accountant and additional personnel to fill vacancies to meet the needs of the operation of the City.

Section III - Management Letter

None Issued

Section IV - Federal Award Findings and Questioned Costs

This section is not applicable for this entity.

CITY OF BASTROP, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Section I- Internal Control and Compliance Material to the Financial Statements

2021-1 **Segregation of Duties**

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.

Evidence obtained from audit procedures indicated the following specific issues:

1. Possible management override of controls
2. Overall lack of adequate communication between officials, departments, and employees
3. Lack of monitoring procedures

Recommendation:

Specifically, management should make an effort to ensure that the City's internal control system is properly designed, implemented, and monitored.

Current Status:

Finding is repeated as 2022-001.

2021-2 **Personnel Related Policies and Issues**

Condition:

As of June 30, 2021, three department heads had accumulated compensatory hours of 1,839 (45% of monetary compensatory time earned by all employees as of June 30, 2021). If these employees had left employment of the City as of June 30, 2021, the City would have been obligated to pay approximately \$30,000 of additional compensation 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 excess 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.

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.

CITY OF BASTROP, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

2021-2 Personnel Related Policies and Issues (continued)

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 send to the Louisiana State Police.

Recommendation:

The Mayor must insist on strict adherence to the City's adopted policies.

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

Current Status:

Finding is repeated as 2022-002.

2021-3 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974

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 owner's 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 then 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".

The 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.

CITY OF BASTROP, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

2021-3 Violation of Article VII, Section 14 of the Louisiana Constitution of 1974 (continued)

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 garnished 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.

Current Status:

Finding is repeated as 2022-004.

Section II- Internal Control and Compliance Material to Federal Awards – N/A

Section III- Management Letter

No management letter was issued.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Betty Alford-Olive, Mayor; members of the Board of Aldermen of the City of Bastrop, Louisiana; and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 30, 2022. The City of Bastrop's management is responsible for those C/C areas identified in the SAUPs.

The City of Bastrop has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021, through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.



procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Fourteen exceptions noted where the City's policies and procedures did not address the required categories and subcategories listed above.

2) Board or Finance Committee³

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

² The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Findings: One exception where the City did not have a budget-to-actual comparison.

3) *Bank Reconciliations*

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁶ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Thirteen exceptions where there was no evidence of preparation within two months and/or a member of management reviewing the reconciliation. Additionally, there was no evidence of outstanding items older than 12 months being researched.

4) *Collections (excluding electronic funds transfers)*⁷

⁴Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

⁷ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

- A. Obtain a listing of deposit sites⁸ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations⁹ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.¹⁰
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt¹¹ at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

¹⁰ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

¹¹ As required by Louisiana Revised Statute 39:1212.

- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Findings: Four exceptions found where there was no evidence of segregation of duties.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the

persons who maintained possession of the cards¹². Obtain management's representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹³. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: Four exceptions noted where there was no evidence where someone other than the cardholder reviewing the statements and the City received interest charges.

7) Travel and Travel-Related Expense Reimbursements¹⁴ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

¹² Including cards used by school staff for either school operations or student activity fund operations.

¹³ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

¹⁴ Non-travel reimbursements are not required to be inspected under this category.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: One exception noted where there was a missing receipt for one transaction.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁵ (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: One exception noted where the City made a late payment for one of their contracts.

9) *Payroll and Personnel*

- A. Obtain a listing of employees and officials¹⁶ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

¹⁵ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

¹⁶ "Officials" would include those elected, as well as board members who are appointed.

- i. Observe that all selected employees or officials¹⁷ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: Two exceptions noted where two employees received unearned paychecks.

10) *Ethics*¹⁸

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings: Two exception where the required employees did not complete the required ethics training.

¹⁷ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

¹⁸ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

11) Debt Service¹⁹

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

Findings: No exceptions noted.

12) Fraud Notice²⁰

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

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

¹⁹ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²⁰ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Findings: I performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment²¹

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

Findings: One exception was noted where one employee did not complete required training.

Management's Response

We agree with the results of the procedures and will address the identified exception.

I was engaged by the City of Bastrop to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and

²¹ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the City of Bastrop and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Maxwell CPA, LLC

Sterlington, Louisiana

March 28, 2024