

CITY OF BREUX BRIDGE, LOUISIANA

Financial Report

Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Honorable Ricky Calais, Mayor
and Members of the Board of Aldermen
City of Breaux Bridge, Louisiana

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the City of Breaux Bridge, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Breaux Bridge, Louisiana, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-type Activities, each Major Fund, and the Aggregate Remaining Fund Information

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

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We

are required to be independent of the City of Breaux Bridge, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of not including the City of Breaux Bridge, Louisiana's legally separate component units on the aggregate discretely presented component units have not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Breaux Bridge, Louisiana's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Breaux Bridge, Louisiana’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 54 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Breaux Bridge, Louisiana’s basic financial statements. The Justice System Funding Reporting Schedule (reporting schedule) was created by Act 87 of the Louisiana 2020 Regular Legislative Session. This reporting schedule and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reporting schedule and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the primary government financial statements.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Utility Fund – statement of revenues, expenses and changes in net position –

budget (GAAP basis) and actual but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023, on our consideration of the City of Breaux Bridge, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Breaux Bridge, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Breaux Bridge, Louisiana's internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 23, 2023

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF BREAUX BRIDGE

Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 18,154,696	\$ 3,303,960	\$ 21,458,656
Receivables, net	739,058	438,511	1,177,569
Internal balances	225,804	(225,804)	-
Due from other governmental units	221,315	387,777	609,092
Prepaid items	41,111	65,223	106,334
Total current assets	<u>19,381,984</u>	<u>3,969,667</u>	<u>23,351,651</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	275,317	326,002	601,319
Capital assets:			
Non-depreciable	832,983	1,451,574	2,284,557
Depreciable, net	<u>9,429,564</u>	<u>14,644,115</u>	<u>24,073,679</u>
Total noncurrent assets	<u>10,537,864</u>	<u>16,421,691</u>	<u>26,959,555</u>
Total assets	<u>29,919,848</u>	<u>20,391,358</u>	<u>50,311,206</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>505,846</u>	-	<u>505,846</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	687,691	610,443	1,298,134
Unearned revenue	2,539,620	-	2,539,620
Bonds payable	<u>806,000</u>	<u>445,000</u>	<u>1,251,000</u>
Total current liabilities	<u>4,033,311</u>	<u>1,055,443</u>	<u>5,088,754</u>
Noncurrent liabilities:			
Customers' deposits payable	-	325,975	325,975
Bonds payable	10,154,000	6,181,000	16,335,000
Net pension liability	<u>1,494,342</u>	-	<u>1,494,342</u>
Total noncurrent liabilities	<u>11,648,342</u>	<u>6,506,975</u>	<u>18,155,317</u>
Total liabilities	<u>15,681,653</u>	<u>7,562,418</u>	<u>23,244,071</u>
DEFERRED INFLOWS OF RESOURCES	<u>239,288</u>	-	<u>239,288</u>
NET POSITION			
Net investment in capital assets	9,302,547	9,469,689	18,772,236
Restricted for:			
Debt service	275,317	27	275,344
Sales tax dedications	2,749,527	-	2,749,527
Capital projects	10,186,400	2,000,000	12,186,400
Unrestricted	<u>(8,009,038)</u>	<u>1,359,224</u>	<u>(6,649,814)</u>
Total net position	<u>\$ 14,504,753</u>	<u>\$ 12,828,940</u>	<u>\$ 27,333,693</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Activities
For the Year Ended June 30, 2023

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,249,032	\$ 680,111	\$ -	\$ -	\$ (1,568,921)	\$ -	\$ (1,568,921)
Public safety:							
Police	2,688,925	49,157	-	-	(2,639,768)	-	(2,639,768)
Streets	2,047,539	-	-	-	(2,047,539)	-	(2,047,539)
Sanitation	823,991	826,932	-	-	2,941	-	2,941
Parks and recreation	509,865	-	-	-	(509,865)	-	(509,865)
Interest on long-term debt	61,037	-	-	-	(61,037)	-	(61,037)
Total governmental activities	<u>8,380,389</u>	<u>1,556,200</u>	<u>-</u>	<u>-</u>	<u>(6,824,189)</u>	<u>-</u>	<u>(6,824,189)</u>
Business-type activities:							
Water	2,099,329	1,642,628	-	\$ 1,105,027	-	648,326	648,326
Sewer	1,251,818	1,343,032	-	-	-	91,214	91,214
Interest on long-term debt	30,835	-	-	-	-	(30,835)	(30,835)
Total business-type activities	<u>3,381,982</u>	<u>2,985,660</u>	<u>-</u>	<u>1,105,027</u>	<u>-</u>	<u>708,705</u>	<u>708,705</u>
Total	<u>\$ 11,762,371</u>	<u>\$ 4,541,860</u>	<u>\$ -</u>	<u>\$ 1,105,027</u>	<u>(6,824,189)</u>	<u>708,705</u>	<u>(6,115,484)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					293,051	-	293,051
Sales and use taxes, levied for general purposes					7,181,548	-	7,181,548
Franchise taxes					603,104	-	603,104
Grants and contributions not restricted to specific programs -							
State and local sources					713,995	-	713,995
Interest and investment earnings					-	43,920	43,920
Miscellaneous					410,017	14,575	424,592
Transfers					(2,683,376)	2,683,376	-
Total general revenues and transfers					<u>6,518,339</u>	<u>2,741,871</u>	<u>9,260,210</u>
Change in net position					(305,850)	3,450,576	3,144,726
Net position - July 1, 2022					<u>14,810,603</u>	<u>9,378,364</u>	<u>24,188,967</u>
Net position - June 30, 2023					<u>\$ 14,504,753</u>	<u>\$ 12,828,940</u>	<u>\$ 27,333,693</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund -

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes may only be used for improvements and operation of specific public works and recreational facilities and to fund payment of the City's public improvement bonds.

On January 1, 2020, another 1% sales and use tax was passed. This additional tax is to be dedicated and used solely for the purposes of (i) acquiring, constructing, improving, maintaining and/or operating infrastructure, including public streets, sidewalks and rights-of-way, drainage, waterworks, parks and recreation facilities, and the purchasing and acquiring of necessary equipment, land and rights-of-way for any of the aforesaid public works, improvements and facilities, (ii) public safety, including police and fire operations, facilities and equipment and (iii) cultural and economic development.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Capital Projects Grants Fund -

To account for various projects being funded by various grants received.

2023 Sales Tax Bond Fund -

To account for various projects being financed by the issuance of \$10,000,000 of sales tax bonds. This can be used for acquiring, constructing and/or improving infrastructure, including public streets, sidewalks and rights-of-way, drainage, water works, parks and recreation facilities, and the purchasing and acquiring of necessary equipment, land and rights-of-way for any of the aforesaid public works, improvements and facilities, and paying the costs of issuance of the bonds.

Enterprise Fund

Utility Fund -

To account for the provision of water and sewer services to residents of the City and some residents of St. Martin Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and

NONMAJOR FUNDS

Five Capital Projects Funds, one Special Revenue Fund, and three Debt Service Funds have been combined and are presented as the nonmajor funds.

Fiduciary Fund

Bond Fee Fund -

To account for the collection of bond fees and payment of these collections to various governmental agencies in accordance with applicable laws.

CITY OF BREAUX BRIDGE

Balance Sheet
Governmental Funds
June 30, 2023

	General	Sales Tax Special Revenue	Capital Projects Grants Fund	2023 Sales Tax Bond Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and interest-bearing deposits	\$ 3,176,276	\$ 1,915,138	\$ 2,673,554	\$ 9,951,179	\$ 713,866	\$ 18,430,013
Receivables:						
Taxes and licenses	3,043	524,229	-	-	89,495	616,767
Due from other governmental units	343,606	-	-	-	-	343,606
Due from other funds	239,754	-	-	-	-	239,754
Prepaid items	41,111	-	-	-	-	41,111
Total assets	<u>\$ 3,803,790</u>	<u>\$ 2,439,367</u>	<u>\$ 2,673,554</u>	<u>\$ 9,951,179</u>	<u>\$ 803,361</u>	<u>\$ 19,671,251</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenditures	\$ 542,003	\$ 2,275	\$ -	\$ -	\$ 100,372	\$ 644,650
Unearned revenue	-	-	2,539,620	-	-	2,539,620
Due to other funds	-	-	-	-	13,950	13,950
Total liabilities	<u>542,003</u>	<u>2,275</u>	<u>2,539,620</u>	<u>-</u>	<u>114,322</u>	<u>3,198,220</u>
Fund balances -						
Nonspendable	41,111	-	-	-	-	41,111
Restricted	-	2,437,092	133,934	9,951,179	689,039	13,211,244
Unassigned	<u>3,220,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,220,676</u>
Total fund balances	<u>3,261,787</u>	<u>2,437,092</u>	<u>133,934</u>	<u>9,951,179</u>	<u>689,039</u>	<u>16,473,031</u>
Total liabilities and fund balances	<u>\$ 3,803,790</u>	<u>\$ 2,439,367</u>	<u>\$ 2,673,554</u>	<u>\$ 9,951,179</u>	<u>\$ 803,361</u>	<u>\$ 19,671,251</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total fund balance for governmental funds at June 30, 2023 \$ 16,473,031

Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	539,753	
Construction in progress		293,230	
Buildings and improvements, net of \$2,182,207 accumulated depreciation		3,356,526	
Equipment and vehicles, net of \$3,527,088 accumulated depreciation		1,104,207	
Infrastructure, net of \$6,335,966 accumulated depreciation		<u>4,968,831</u>	\$ 10,262,547

The deferred outflows of expenditures are not a use of current resources, and are therefore, not reported in the funds:

Pension plan		505,846	
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General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Bonds payable and underlying accrued interest		(11,003,041)	
Net pension liability		<u>(1,494,342)</u>	(12,497,383)

The deferred inflows of contributions are not available resources, and therefore, are not reported in the funds:

Pension plan		<u>(239,288)</u>	
			<u>(1,968,278)</u>

Total net position of governmental activities at June 30, 2023 \$ 14,504,753

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2023

	General	Sales Tax Special Revenue	Capital Projects Grants Fund	2023 Sales Tax Bond Fund	Nonmajor Funds	Total
Revenues:						
Taxes	\$ 896,155	\$ 6,142,265	\$ -	\$ -	\$ 1,039,283	\$ 8,077,703
Licenses and permits	680,111	-	-	-	-	680,111
Grants (federal and state)	12,463	-	-	-	-	12,463
Intergovernmental	701,532	-	-	-	-	701,532
Charges for services	826,932	-	-	-	-	826,932
Fines and forfeits	49,157	-	-	-	-	49,157
Miscellaneous	339,100	-	73,100	204	13,001	425,405
Total revenues	<u>3,505,450</u>	<u>6,142,265</u>	<u>73,100</u>	<u>204</u>	<u>1,052,284</u>	<u>10,773,303</u>
Expenditures:						
Current -						
General government	1,933,996	103,699	-	49,025	15,533	2,102,253
Streets and bridges	1,639,039	-	-	-	-	1,639,039
Sanitation	823,991	-	-	-	-	823,991
Public safety - police	2,576,268	-	-	-	-	2,576,268
Culture and recreation	361,481	-	-	-	-	361,481
Debt service	-	-	-	-	604,197	604,197
Capital outlay	484,189	-	-	-	170,826	655,015
Total expenditures	<u>7,818,964</u>	<u>103,699</u>	<u>-</u>	<u>49,025</u>	<u>790,556</u>	<u>8,762,244</u>
Excess (deficiency) of revenues over expenditures	<u>(4,313,514)</u>	<u>6,038,566</u>	<u>73,100</u>	<u>(48,821)</u>	<u>261,728</u>	<u>2,011,059</u>
Other financing sources (uses):						
Operating transfers in	5,500,000	-	59,001	-	685,319	6,244,320
Operating transfers out	(21,998)	(6,517,858)	-	-	(2,387,840)	(8,927,696)
Bond proceeds	-	-	-	10,000,000	-	10,000,000
Total other financing sources (uses)	<u>5,478,002</u>	<u>(6,517,858)</u>	<u>59,001</u>	<u>10,000,000</u>	<u>(1,702,521)</u>	<u>7,316,624</u>
Net changes in fund balances	1,164,488	(479,292)	132,101	9,951,179	(1,440,793)	9,327,683
Fund balances, beginning	<u>2,097,299</u>	<u>2,916,384</u>	<u>1,833</u>	<u>-</u>	<u>2,129,832</u>	<u>7,145,348</u>
Fund balances, ending	<u>\$3,261,787</u>	<u>\$ 2,437,092</u>	<u>\$ 133,934</u>	<u>\$ 9,951,179</u>	<u>\$ 689,039</u>	<u>\$16,473,031</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Total net changes in fund balances at June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ 9,327,683
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 655,015	
Depreciation expense		<u>(816,320)</u>	(161,305)
Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.			
			(11,579)
Expenses not requiring the use of current financial resources and, therefore, not reported as expenditures in the governmental funds:			
Net change in bonds payable			(9,430,000)
Net change in accrued interest payable			(26,840)
Net change in net pension liability and related deferrals			<u>(3,809)</u>
Total changes in net position for the year ended June 30, 2023 per Statement of Activities			\$ <u>(305,850)</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Net Position
 Proprietary Fund
 June 30, 2023

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 3,303,960
Receivables:	
Accounts	438,511
Prepaid items	65,223
Due from other governmental units	<u>387,777</u>
Total current assets	<u>4,195,471</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	326,002
Capital assets, net of accumulated depreciation	<u>16,095,689</u>
Total noncurrent assets	<u>16,421,691</u>
Total assets	<u>20,617,162</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	610,443
Due to other funds	225,804
Revenue bonds payable	<u>445,000</u>
Total current liabilities	<u>1,281,247</u>
Noncurrent liabilities:	
Customers' deposits	325,975
Revenue bonds payable	<u>6,181,000</u>
Total noncurrent liabilities	<u>6,506,975</u>
Total liabilities	<u>7,788,222</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Net investment in capital assets	9,469,689
Restricted	2,000,027
Unrestricted	<u>1,359,224</u>
Total net position	<u>\$ 12,828,940</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2023

Operating revenues:	
Charges for services	\$ 2,851,132
Miscellaneous	<u>134,528</u>
Total operating revenues	<u>2,985,660</u>
Operating expenses:	
Repairs and maintenance	492,588
Salaries	522,179
Depreciation	987,800
Other operating expenses	<u>1,314,318</u>
Total operating expenses	<u>3,316,885</u>
Operating loss	<u>(331,225)</u>
Nonoperating revenues (expenses):	
Interest on investments	43,920
Interest expense	(30,835)
Administrative expenses on bonds	(34,262)
Grants	1,105,027
Miscellaneous	<u>14,575</u>
Total nonoperating expenses	<u>1,098,425</u>
Income before transfers	<u>767,200</u>
Operating transfers in	2,742,377
Operating transfers out	<u>(59,001)</u>
Total operating transfers	<u>2,683,376</u>
Change in net position	3,450,576
Net position, beginning	<u>9,378,364</u>
Net position, ending	<u>\$ 12,828,940</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2023

Cash flows from operating activities:	
Receipts from customers	\$ 2,960,447
Payments to suppliers	(1,898,499)
Payments to employees	<u>(522,179)</u>
Net cash provided by operating activities	<u>539,769</u>
Cash flows from noncapital financing activities:	
Cash received from others	1,178,604
Operating transfers in from other funds	<u>2,699,967</u>
Net cash provided by noncapital financing activities	<u>3,878,571</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(441,000)
Interest paid on revenue bonds	(30,835)
Administrative expenses on bonds	(34,262)
Acquisition of capital assets	<u>(1,383,636)</u>
Net cash used by capital and related financing activities	<u>(1,889,733)</u>
Cash flows from investing activities:	
Interest on investments and interest-bearing deposits	<u>43,920</u>
Net increase in cash and cash equivalents	2,572,527
Cash and cash equivalents, beginning of period	<u>1,057,435</u>
Cash and cash equivalents, end of period	<u>\$ 3,629,962</u>

(continued)

CITY OF BREAUX BRIDGE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2023

Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (331,225)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	987,800
Changes in current assets and liabilities:	
Increase in accounts receivable	(43,174)
Increase in prepaid items	(21,202)
Decrease in accounts payable and accrued liabilities	<u>(52,430)</u>
Total adjustments	<u>870,994</u>
Net cash provided by operating activities	<u>\$ 539,769</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 747,419
Cash - restricted	<u>310,016</u>
Total cash and cash equivalents	<u>1,057,435</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	\$ 3,303,960
Cash - restricted	<u>326,002</u>
Total cash and cash equivalents	<u>3,629,962</u>
Net increase	<u>\$ 2,572,527</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Fiduciary Net Position
Bond Fee Fund
June 30, 2023

Assets

Cash and cash equivalents \$ 23,684

Liabilities

Due to local governments and others 23,235

Net Position

Restricted for:
Other governments \$ 449

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Changes in Fiduciary Net Position- Fiduciary Fund
For the Year Ended June 30, 2023

ADDITIONS	
Bond fee collections	\$ <u>-</u>
Total additions	<u>-</u>
DEDUCTIONS	
Fees paid to other governments	<u>-</u>
Net increase in fiduciary net position	<u>-</u>
Net position-beginning	<u>449</u>
Net position- ending	<u>\$ 449</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The City of Breaux Bridge was incorporated on January 26, 1901, under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Aldermen form of government.

The accompanying financial statements of the City of Breaux Bridge (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The Breaux Bridge City Court and the Breaux Bridge City Marshal were determined to be component units of the City of Breaux Bridge, primary government. This determination was made on the financial interdependency criterion. Both the City Court and the City Marshal have a December 31 year-end.

The City has chosen to issue financial statements of the primary government (City) only; therefore, neither of the previously listed component units are included in the accompanying financial statements. Financial information for these component units may be obtained by contacting the respective component unit.

These primary government (City) financial statements include all funds, account groups, and organizations for which the City maintains the accounting records.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (City) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government.

The Breaux Bridge Housing Authority was chartered by the City in 1958. The Authority's five-member board of directors is appointed by the Mayor and Board of Aldermen of the City. The City's oversight responsibilities in the management, operation and financial accountability of the Authority are remote. For this reason, the Authority is not considered to be a component unit of the City and accordingly, is not included in the City's audited financial statements. The Authority's in-lieu-of-tax payment to the City was waived for 2023.

The City has no authority over, nor is it involved in the record keeping of the Breaux Bridge Volunteer Fire Department; therefore, the Department is not considered to be a component unit of the City and accordingly, is not included in the City's audited financial statements.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Five funds of the City are considered to be major funds and are described below:

Governmental Funds -

General Fund -

The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund -

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Sales Tax Fund -

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes may only be used for improvements and operation of specific public works and recreational facilities and to fund payment of the City's public improvement bonds.

On January 1, 2020, another 1% sales and use tax was passed. This additional tax is to be dedicated and used solely for the purposes of (i) acquiring, constructing, improving, maintaining and/or operating infrastructure, including public streets, sidewalks and rights-of-way, drainage, waterworks, parks and recreation facilities, and the purchasing and acquiring of necessary equipment, land

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

and rights-of-way for any of the aforesaid public works, improvements and facilities, (ii) public safety, including police and fire operations, facilities and equipment and (iii) cultural and economic development.

Capital Projects Funds -

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Capital Projects Grants Fund --

To account for various projects being funded by various grants received.

2023 Sales Tax Bond Fund -

To account for various projects being financed by the issuance of \$10,000,000 of sales tax bonds. This can be used for acquiring, constructing and/or improving infrastructure, including public streets, sidewalks and rights-of-way, drainage, water works, parks and recreation facilities, and the purchasing and acquiring of necessary equipment, land and rights-of-way for any of the aforesaid public works, improvements and facilities, and paying the costs of issuance of the bonds.

Proprietary Fund -

Enterprise Fund -

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

The City's nonmajor funds are described below:

Special Revenue Fund-

District Sales Tax Fund --

To account for the receipt and use of proceeds of the City's additional 1% sales and use tax. This additional sales and use tax is in the Sales Tax District No. 1 of the City. 20% of these taxes may only be used for repairs and maintenance of the

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

City's infrastructure which serves property located within the municipal limits in accordance with an Annual Plan for Repair and Maintenance of Municipality Infrastructure. The remaining 80% of these taxes may be used for new construction of infrastructure within the City, or for the substantial improvement of existing infrastructure within the municipal limits, all according to a Master Plan for the Construction of Municipal Infrastructure.

Capital Projects Funds -

Capital Projects Fund --

To account for various projects being funded by the District Sales Tax Fund according to the Master Plan.

Reserve Bond Construction Fund -

To account for the water system improvements set forth in the Master Plan. Financing is provided by the issuance of \$2,700,000 of revenue bonds.

LCDBG Capital Projects Fund --

To account for various projects financed partially or completely by community block grants.

2015 Limited Tax Equipment Fund --

To account for the acquisition of vehicles and equipment. Financing is provided by the issuance of \$225,000 of limited tax revenue bonds.

2017 Utility Construction Fund --

To account for sewer improvement projects.

Debt Service Funds -

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

There are three debt service funds at June 30, 2023. One handles payments on the 2008 Certificate of Indebtedness. It is used to account for repayment of \$3,000,000 certificate of indebtedness, Series 2008, which is due in annual installments, plus interest, until maturity in 2023. The second handles repayment of \$225,000 limited tax revenue bonds, Series 2015, which is due in annual installments, plus interest, until maturity in 2026. The third handles repayment of \$2,700,000 revenue bonds, Series 2015, which is due in annual installments, plus interest, until maturity in 2025.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fiduciary Fund Type -

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support City programs. The City has adopted GASBS No. 84 for the reporting and classification of its fiduciary activities. Fiduciary reporting focus is on net position and changes in net position and is reported using the accrual basis of accounting.

The City's fiduciary fund is presented in the fiduciary fund financial statements by type (custodial). Because by definition these assets are being held for the benefit of a third party (other local organizations or governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The fund accounted for in this category for the City is a custodial fund. This fund is the Bond Fee Fund and is used to account for the collection of bond fees and payment of these collections to various governmental agencies in accordance with applicable laws.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer’s utility service receivables as their major receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading/billing and the end of the month are estimated and recorded at June 30, 2023.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The City maintains a threshold level of \$10,000 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	15-40 years
Equipment and vehicles	2-30 years
Utility system and improvements	10-50 years
Infrastructure	40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Prior to the adoption of GASB 34, it was the City’s policy not to record infrastructure; therefore, the City did not have a complete listing of infrastructure.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The City has opted not to do a detailed analysis of existing infrastructure. Rather, we will begin accumulating infrastructure information prospectively.

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Unearned Revenue

Revenue received that has not been spent is recorded as unearned revenue. Unearned revenue as of June 30, 2023, was grant funds from the American Rescue Plan Act (ARPA).

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Unpaid Accumulated Vacation, Sick Pay, and Compensated Time

Unused vacation accumulated by employees is lost each year unless taken. Sick leave accumulates from year to year but is lost upon termination. Compensated time (overtime earned but not paid) is accumulated by employees and is not lost upon termination.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

CITY OF BREAUx BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s policy, only Board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2023, fund balances are composed of the following:

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Capital Projects Grants Fund</u>	<u>2023 Sales Tax Bond Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Nonspendable						
Prepaid items	\$ 41,111	\$ -	\$ -	\$ -	\$ -	\$ 41,111
Restricted:						
Sales taxes	-	2,437,092	-	-	312,435	2,749,527
Construction	-	-	133,934	9,951,179	101,287	10,186,400
Debt service	-	-	-	-	275,317	275,317
Unassigned	<u>3,220,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,220,676</u>
Total fund balances	<u>\$3,261,787</u>	<u>\$2,437,092</u>	<u>\$ 133,934</u>	<u>\$9,951,179</u>	<u>\$ 689,039</u>	<u>\$ 16,473,031</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members have provided otherwise in its commitment or assignment actions.

E. Use of Estimates

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2023, the City has cash and interest-bearing deposits (book balances) totaling \$22,083,659 of which \$23,684 is attributable to the nonmajor fiduciary fund, which is not presented in the statement of net position.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2023, are as follows:

Bank Balances	<u>\$ 22,260,200</u>
At June 30, 2023 the deposits are secured as follows:	
Federal deposit insurance	\$ 750,000
Pledged securities	<u>21,510,200</u>
Total	<u>\$ 22,260,200</u>

Deposits in the amount of \$21,510,200 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name. The City does not have a policy for custodial credit risk.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2023, of \$1,177,569 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$752,115	\$ 752,115
Allowance	-	-	(313,604)	(313,604)
Taxes:				
Sales tax	-	613,700	-	613,700
Property tax	24,823	-	-	24,823
Allowance	(23,146)	-	-	(23,146)
Franchise tax	114,157	-	-	114,157
Fines, licenses, etc.	9,500	24	-	9,524
Totals	<u>\$ 125,334</u>	<u>\$ 613,724</u>	<u>\$ 438,511</u>	<u>\$ 1,177,569</u>

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2023, consisted of the following:

General Fund:	
Amount due from the State of Louisiana for video poker receipts for April through June 2023.	\$ 212,791
Amount due from the Department of Motor Vehicles for fees for June 2023.	4,131
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2023.	4,393
Amount due from the State of Louisiana for grant funds not yet received at June 30, 2023.	<u>387,777</u>
	<u>\$ 609,092</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 07/01/22	Additions	Deletions	Balance 06/30/23
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 539,753	\$ -	\$ -	\$ 539,753
Construction in progress	1,031,056	146,525	(884,351)	293,230
Capital assets being depreciated:				
Building and improvements	5,345,614	193,119	-	5,538,733
Equipment and vehicles	4,591,837	281,994	(242,536)	4,631,295
Infrastructure	10,387,069	917,728	-	11,304,797
Totals	21,895,329	1,539,366	(1,126,887)	22,307,808
Less accumulated depreciation:				
Building and improvements	2,001,513	180,694	-	2,182,207
Equipment and vehicles	3,458,437	299,608	(230,957)	3,527,088
Infrastructure	5,999,948	336,018	-	6,335,966
Total accumulated depreciation	11,459,898	816,320	(230,957)	12,045,261
Governmental activities, capital assets, net	\$ 10,435,431	\$ 723,046	\$ (895,930)	\$ 10,262,547
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 150,200	\$ -	\$ -	\$ 150,200
Construction in progress	192,554	1,212,477	(103,657)	1,301,374
Capital assets being depreciated:				
Plant and equipment - water system	9,579,540	152,689	-	9,732,229
Plant and equipment - sewer system	19,562,458	74,744	-	19,637,202
Autos and office equipment	951,327	47,383	-	998,710
Totals	30,436,079	1,487,293	(103,657)	31,819,715
Less accumulated depreciation:				
Plant and equipment - water system	6,447,073	251,008	-	6,698,081
Plant and equipment - sewer system	7,483,985	689,135	-	8,173,120
Autos and office equipment	805,168	47,657	-	852,825
Total accumulated depreciation	14,736,226	987,800	-	15,724,026
Business-type activities, capital assets, net	\$ 15,699,853	\$ 499,493	\$ (103,657)	\$ 16,095,689

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 146,779
Police	112,657
Streets	408,500
Park and recreation	148,384
Total depreciation expense	\$ 816,320

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 399,222	\$ 142,680	\$ 541,902
Sales tax	-	891	891
Accrued payroll	67,714	17,837	85,551
Payroll withholdings	13,364	2,256	15,620
Retainage payable	2,872	52,001	54,873
Contracts Payable	-	394,778	394,778
Contingent liabilities	161,478	-	161,478
Accrued interest payable	43,041	-	43,041
Totals	\$ 687,691	\$ 610,443	\$ 1,298,134

(7) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City of Breaux Bridge, Louisiana for the year ended June 30, 2023. The bonds and revenue column relates to governmental activities and are therefore paid by the debt service funds. The utility revenue bonds column relates to business-type activities, and the payments are made from the enterprise fund.

	Bonds & Revenue	Utility Revenue	Total
Long-term debt at July 1, 2022	\$ 1,530,000	\$ 7,067,000	\$ 8,597,000
Debt assumed	10,000,000	-	10,000,000
Debt retired	(570,000)	(441,000)	(1,011,000)
Long-term debt at June 30, 2023	\$ 10,960,000	\$ 6,626,000	\$ 17,586,000

Long-term debt at June 30, 2023, is comprised of the following:

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Street improvement bonds

\$3,000,000 Certificate of Indebtedness, Series 2008, due in annual installments of \$140,000 to \$270,000; from June 1, 2009 to June 1, 2023; interest rate of 2.75 percent; payable from general revenues of the City.

\$ -

Limited tax bonds

\$225,000 Limited Tax Bonds, Series 2015, due in annual installments of \$20,000 to \$25,000; from March 1, 2016 to March 1, 2026; interest rate of 2.35 percent; payable from property tax revenues of the City.

\$ 65,000

Revenue bonds

\$2,700,000 Revenue Bonds, Series 2015, due in annual installments of \$240,000 to \$305,000; from September 1, 2016 to September 1, 2025; interest rate of 2.35 percent; payable from sales tax revenues of Sales Tax District No. 1.

\$ 895,000

\$8,000,000 Utilities Revenue Bonds, Series 2017, due in annual installments of \$12,000 to \$503,000; from January 1, 2018 to January 1, 2037; interest rate of .450 percent; payable from the net revenues of the combined water and sewer systems of the City.

\$ 6,626,000

\$10,000,000 Sales Tax Bonds, Series 2023, due in annual installments of \$496,000 to \$892,000, from June 1, 2024 to June 1, 2038; interest rate of 4.65 percent; payable from sales tax revenues of the City.

\$ 10,000,000

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,251,000	\$ 494,640	\$ 1,745,640
2025	1,270,000	481,500	1,751,500
2026	1,306,000	448,605	1,754,605
2027	1,005,000	418,076	1,423,076
2028	1,034,000	390,579	1,424,579
2029-2033	5,649,000	1,497,425	7,146,425
2034-2038	<u>6,071,000</u>	<u>609,570</u>	<u>6,680,570</u>
Totals	<u>\$ 17,586,000</u>	<u>\$ 4,340,395</u>	<u>\$ 21,926,395</u>

(8) Dedication of Sales Tax Revenues

A sales and use tax of 1 percent was levied as of May 1, 1971, after approval by the registered voters of the City of Breaux Bridge. Revenues to be derived from the tax are dedicated to: constructing, acquiring, extending, improving, operating and maintaining waterworks, garbage and waste disposal facilities, streets and bridges, including incidental drainage in connection therewith, and recreational facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, improvements and facilities. The tax can also be used to fund payment of the City's public improvement bonds.

Another sales and use tax of 1 percent was levied as of January 1, 2009. This additional sales and use tax is in the Sales Tax District No. 1 of the City of Breaux Bridge. Revenues to be derived from the tax were dedicated to constructing, improving, and maintaining infrastructure, or to promote economic development, or funded into bonds for such purposes. On July 1, 2019, a new law was passed to rededicate these monies as follows:

- 20% for the repairs and maintenance of the City's infrastructure which serves property located within the municipal limits in accordance with an Annual Plan for Repairs and Maintenance of Municipality Infrastructure.
- 80% for new construction of infrastructure within the City of Breaux Bridge, or for the substantial improvement of existing infrastructure within the municipal limits, all according to a Master Plan for the Construction of Municipal Infrastructure.

On January 1, 2020, another 1% sales and use tax was passed. This additional tax is to be dedicated and used solely for the purposes of (i) acquiring, constructing, improving, maintaining and/or operating infrastructure, including public streets, sidewalks and rights-of-way, drainage, waterworks, parks and recreation facilities, and the purchasing and acquiring of necessary equipment, land and rights-of-way for any of the aforesaid public works, improvements and facilities, (ii) public

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

safety, including police and fire operations, facilities and equipment and (iii) cultural and economic development.

(9) Enterprise Fund Operations

Operations of the City's Utility System consist of water and sewerage utilities. Operating expenses which are not directly chargeable to the individual departments are allocated to the departments on the basis of number of utility customers and managerial estimates.

Operating results of the individual utilities were as follows:

	Year Ended June 30,	Charges for Services	Miscellaneous Operating Revenues	Other Operating Expenses	Operating Income (Loss)
Water utility	2023	\$ 1,487,713	\$ 154,915	\$ 2,065,067	\$ (422,439)
Sewerage system	2023	\$ 1,216,373	\$ 126,659	\$ 1,251,818	\$ 91,214

At June 30, 2023, the City was furnishing utility service to the following number of customers:

Water customers	3,261
Sewer customers	3,124

(10) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2023:

	Interfund Receivables	Interfund Payables
Major Funds:		
Governmental Funds:		
General Fund	\$ 239,754	\$ -
Enterprise Fund:		
Utility Fund	-	225,804
Non-Major Funds		
-	-	13,950
Total	\$ 239,754	\$ 239,754

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Garbage fees were not yet paid at year-end, causing the balance as noted above. An expected transfer for a particular capital project also was not paid at year-end. These balances are expected to be paid within the next fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2023:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 5,500,000	\$ 21,998
Sales Tax Special Revenue Fund	-	6,517,858
Capital Projects Grants Fund	59,001	-
Enterprise Fund:		
Utility Fund	2,742,377	59,001
Non-major Funds	<u>685,319</u>	<u>2,387,840</u>
Total	<u>\$ 8,986,697</u>	<u>\$ 8,986,697</u>

Transfers made to the general fund are for the normal operations of the City. The amounts each fund will transfer are calculated as part of the budget preparation process. These amounts reflect each funds' proportionate share of expenses paid out of the general fund. Additional transfers made from the special revenue funds are for recreational facilities, maintenance and construction of public works, and funding payment of the bonds.

(11) Ad Valorem Taxes

For the year ended June 30, 2023, taxes of 4.23 mills were levied on property with assessed valuations totaling \$69,841,320 and were dedicated as follows:

General corporate purposes	4.23 mills
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Total taxes levied were \$295,429 of which \$24,823 had not been collected at June 30, 2023. The taxes are levied and assessed on or about October and November, respectively, of each year.

Tax bills are mailed in December, become liens on December 31, and are delinquent if unpaid as of March 1. The majority of collections occur in the months of December through February.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Restricted Assets - Utility Fund

Restricted assets were composed of savings accounts at June 30, 2023, and were restricted as follows:

Customers' deposits	<u>\$ 326,002</u>
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(13) Compensation of City Officials

A detail of compensation paid to City officials for the year ended June 30, 2023, follows:

Ricky Calais, Mayor	<u>\$ 67,500</u>
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Aldermen:

Scotty Borel	10,200
Ryan Breaux	10,200
Eddy LeBlanc	10,200
Ernest Ledet (through 12/31/2022)	5,100
Neil Melancon	10,200
Albert Menard (beginning 01/01/2023)	<u>5,100</u>

Total	<u>\$ 51,000</u>
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Corando Cantu, Chief of Police (through 12/31/2022)	<u>\$ 32,595</u>
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Albert LeBlanc Chief of Police (beginning 01/01/2023)	<u>\$ 29,202</u>
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Randy Angelle, Judge	<u>\$ 6,600</u>
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Voorhies Dupuis, Marshal	<u>\$ 40,000</u>
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(14) Risk Management

The City is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Deferred Compensation Plan

Certain employees of the City participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

(16) On-behalf Payments

The City recognized \$122,650 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(17) Commitments and Contingencies

A. Contingent Liabilities

The City has determined that \$161,478 is a reasonable estimate of potential liability related to some of the claims filed. Accordingly, \$161,478 has been accrued at June 30, 2023, and is reflected in accounts, salaries and other payables. There are other claims that are uncertain / premature for estimation of possible loss. Therefore, no accrual has been recorded for these claims.

B. Commitments

The City has construction commitments with respect to unfinished projects of approximately \$73,000.

C. Other Matter

An ex-official and previous employee(s) of the City of Breaux Bridge Police Department are under investigation for the destruction of evidence. The investigation is currently on-going. This investigation is not expected to have an impact on the financial statements of the City of Breaux Bridge.

(18) Act 706-Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, the City of Breaux Bridge is required to disclose the compensation, reimbursements, benefits, and other payments made to the mayor, in which the payments are related to the position. The following is a schedule of payments made to the mayor for the year ended June 30, 2023.

Entity head: Ricky Calais, Mayor

Salary	\$ 67,500
Deferred compensation	1,375
Allowance - vehicle and cell phone	<u>11,400</u>
Total	<u>\$ 80,275</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Pension Plan/GASB 68

The City of Breaux Bridge participates in the Municipal Police Employees' Retirement System, a cost-sharing multiple-employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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.

Summary of significant accounting policies:

The Municipal Police Employees' Retirement System prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

Basis of accounting:

The System's employer schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

System employees:

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Pension Amount Netting:

The deferred outflows and deferred inflows of resources resulting from differences between projected and actual earnings on pension plan investments that were recorded in different years were netted to report only a deferred outflow or a deferred inflow on the schedule of pension amounts. The remaining categories of deferred outflows and deferred inflows were not presented on a net basis.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan fiduciary net position:

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Plan description:

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefits provided:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Membership commencing January 1, 2013:

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

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% and 2 ½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

Cost-of-living adjustments:

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

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

CITY OF BREAUx BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred retirement option plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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

Initial benefit option plan:

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

Employer contributions:

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

For the year ended June 30, 2022, total contributions due for employers and employees were as follows:

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Contribution Rates		
	Employee	Employer	Total
Members hired prior to 1/1/2013	10.00%	29.75%	39.75%
Hazardous duty members hired after 1/1/2013	10.00%	29.75%	39.75%
Non Hazardous duty members hired after 1/1/2013	8.00%	29.75%	37.75%
Members whose earnable compensation is less than the poverty guidelines	7.50%	32.25%	39.75%

Non-employer contributions:

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2022 and excluded from pension expense. The City recognized \$32,521 of nonemployer contribution revenue.

Schedule of employer allocations:

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Police Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the year ended June 30, 2022 as compared to the total of all employers' contributions to the System for during the year ended June 30, 2022.

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

At June 30, 2023, the City reported a liability of \$1,494,342 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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 pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.146192%, which was a decrease of 0.038168% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$188,467, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,032.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2023, 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 experiences	\$ 7,370	\$ 12,179
Changes of assumptions	51,546	11,115
Net difference between projected and actual earnings on pension plan investments	266,787	-
Change in proportion and differences between employer contributions and proportionate share of contributions	26,974	215,994
Employer contributions subsequent to the measurement date	<u>153,169</u>	<u>-</u>
Total	<u>\$ 505,846</u>	<u>\$ 239,288</u>

Deferred outflows of resources of \$153,169 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ended	
<u>6/30/2024</u>	\$ 17,714
6/30/2025	10,010
6/30/2026	(54,273)
6/30/2027	139,938

Contributions – proportionate share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through a pension plan. The remaining deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial methods and assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.750%, net of investment expense	
Expected Remaining Service lives	2022 - 4 years 2021 - 4 years 2020 - 4 years 2019 - 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost of Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative	14.00%	0.95%
Totals	<u>100.00%</u>	<u>5.40%</u>
Inflation		<u>2.66%</u>
Expected Arithmetic Return		<u>8.06%</u>

Discount rate:

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

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.750%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.750%) or one percentage point higher (7.750%) than the current rate as of June 30, 2022.

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease 5.750%</u>	<u>Current Discount Rate 6.750%</u>	<u>1% Decrease 7.750%</u>
Employer's Proportionate share of Net Pension Liability	<u>\$ 2,091,792</u>	<u>\$ 1,494,342</u>	<u>\$ 995,273</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Change in net pension liability:

The changes in the net pension liability for the year ended June 30, 2023 were recognized in the current reporting period as pension expense except as follows:

- a. Differences between expected and actual experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in deferred outflow of resources in the amount of \$7,370 and a deferred inflow of resources in the amount of \$12,179 for the year ended June 30, 2023.
- b. Changes of assumptions or other inputs: Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in deferred outflow of resources in the amount of \$51,546 and a deferred inflow of resources in the amount of \$11,115 for the year ended June 30, 2023.
- c. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in deferred outflow of resources in the amount of \$266,787 for the year ended June 30, 2023.
- d. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of resources in the amount of \$26,974 and a deferred inflow of resources in the amount of \$215,994 for the year ended June 30, 2023.

Retirement system audit report:

The Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Estimates:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

(20) Tax Abatement

The City of Breaux Bridge entered into a sales tax abatement agreement with the St. Martin Parish Government. The agreement expired September 30, 2022. The abatement relates to a 1% sales tax on citizens of the City that reside in a previously unincorporated area. These citizens are currently subject to a Parish Government 1% sales tax. In order to prevent double taxation, these citizens are not subject to the City's 1% sales tax until the Parish Government's 1% sales tax expires. The Parish Government has agreed to provide road maintenance in this area during the period covered by the sales tax abatement agreement. The City's portion of sales taxes abated for the year ended June 30, 2023 was \$45,230.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 841,000	\$ 846,406	\$ 896,155	\$ 49,749
Licenses and permits	465,000	501,926	680,111	178,185
Grants (federal and state)	1,506,779	-	12,463	12,463
Intergovernmental	612,470	766,931	701,532	(65,399)
Charges for services	785,000	795,269	826,932	31,663
Fines - City Court	85,000	41,289	49,157	7,868
Miscellaneous	<u>100,100</u>	<u>160,645</u>	<u>339,100</u>	<u>178,455</u>
Total revenues	<u>4,395,349</u>	<u>3,112,466</u>	<u>3,505,450</u>	<u>392,984</u>
Expenditures:				
General government	1,998,825	1,819,315	1,933,996	(114,681)
Streets and bridges	1,759,350	1,731,720	1,639,039	92,681
Sanitation	785,000	795,269	823,991	(28,722)
Public safety - Police	2,622,450	2,549,436	2,576,268	(26,832)
Culture and recreation	306,525	327,647	361,481	(33,834)
Capital outlay	<u>513,000</u>	<u>327,569</u>	<u>484,189</u>	<u>(156,620)</u>
Total expenditures	<u>7,985,150</u>	<u>7,550,956</u>	<u>7,818,964</u>	<u>(268,008)</u>
Deficiency of revenues over expenditures	<u>(3,589,801)</u>	<u>(4,438,490)</u>	<u>(4,313,514)</u>	<u>124,976</u>
Other financing sources: (uses):				
Transfer from Sales Tax Fund	5,695,000	5,575,000	5,500,000	(75,000)
Transfer to Series 2010 Debt Service Fund	<u>(1,506,779)</u>	<u>(21,998)</u>	<u>(21,998)</u>	<u>-</u>
Total other financing sources	<u>4,188,221</u>	<u>5,553,002</u>	<u>5,478,002</u>	<u>(75,000)</u>
Net change in fund balances	598,420	1,114,512	1,164,488	49,976
Fund balance, beginning	<u>1,566,405</u>	<u>2,097,299</u>	<u>2,097,299</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,164,825</u>	<u>\$ 3,211,811</u>	<u>\$ 3,261,787</u>	<u>\$ 49,976</u>

See notes to required supplementary information.

CITY OF BREAUX BRIDGE
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 5,864,500	\$ 6,064,512	\$ 6,142,265	\$ 77,753
Total revenues	<u>5,864,500</u>	<u>6,064,512</u>	<u>6,142,265</u>	<u>77,753</u>
Expenditures:				
General government:				
Collection fees	88,000	91,067	92,153	(1,086)
Computer expense	1,200	1,211	1,553	(342)
Legal and professional fees	<u>7,500</u>	<u>7,182</u>	<u>9,993</u>	<u>(2,811)</u>
Total expenditures	<u>96,700</u>	<u>99,460</u>	<u>103,699</u>	<u>(4,239)</u>
Excess of revenues over expenditures	<u>5,767,800</u>	<u>5,965,052</u>	<u>6,038,566</u>	<u>73,514</u>
Other financing sources (uses):				
Transfer to General Fund	(5,500,000)	(5,500,000)	(5,500,000)	-
Transfer to Utility Fund	(740,000)	(740,000)	(740,000)	-
Transfer to Capital Projects	(126,000)	-	-	-
Transfer to 2008 Debt Service	<u>(277,425)</u>	<u>(277,859)</u>	<u>(277,858)</u>	<u>1</u>
Total other financing uses	<u>(6,643,425)</u>	<u>(6,517,859)</u>	<u>(6,517,858)</u>	<u>1</u>
Net change in fund balances	(875,625)	(552,807)	(479,292)	73,515
Fund balance, beginning	<u>2,795,038</u>	<u>2,916,384</u>	<u>2,916,384</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,919,413</u>	<u>\$ 2,363,577</u>	<u>\$ 2,437,092</u>	<u>\$ 73,515</u>

See notes to required supplementary information.

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2023

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.129888%	\$ 812,590	\$ 395,899	205.3%	75.1%
2016	0.119310%	\$ 934,669	\$ 319,145	292.9%	70.7%
2017	0.108666%	\$ 1,018,507	\$ 304,397	334.6%	66.0%
2018	0.124080%	\$ 1,083,271	\$ 370,420	292.4%	70.1%
2019	0.182505%	\$ 1,542,908	\$ 538,594	286.5%	71.9%
2020	0.176355%	\$ 1,601,599	\$ 550,738	290.8%	71.0%
2021	0.180283%	\$ 1,666,235	\$ 556,843	299.2%	70.9%
2022	0.184360%	\$ 982,740	\$ 562,449	174.7%	84.1%
2023	0.146192%	\$ 1,494,342	\$ 451,315	331.1%	70.8%

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

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

See notes to required supplementary information.

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2023

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 100,531	\$ 100,531	\$ -	\$ 319,145	31.50%
2016	\$ 89,823	\$ 89,823	\$ -	\$ 304,397	29.50%
2017	\$ 117,620	\$ 117,620	\$ -	\$ 370,420	31.75%
2018	\$ 164,513	\$ 164,513	\$ -	\$ 538,594	30.54%
2019	\$ 180,071	\$ 180,071	\$ -	\$ 550,738	32.70%
2020	\$ 181,686	\$ 181,686	\$ -	\$ 556,843	32.63%
2021	\$ 188,660	\$ 188,660	\$ -	\$ 562,449	33.54%
2022	\$ 137,201	\$ 137,201	\$ -	\$ 451,315	30.40%
2023	\$ 153,169	\$ 153,169	\$ -	\$ 495,449	30.92%

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

See notes to required supplementary information.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

(1) Budgets and Budgetary Accounting

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

1. The Mayor submits, no later than 15 days prior to the beginning of each fiscal year, to the Board of Aldermen a proposed operating budget.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action 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 Mayor.
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). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.
8. For the year ended June 30, 2023, the following fund had actual expenditures over appropriations:

Fund	Final Budget	Actual	Excess
General Fund	\$ 7,550,956	\$ 7,818,964	\$ (268,008)
Sales Tax Special Revenue Fund	\$ 99,460	\$ 103,699	\$ (4,239)

(2) Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

SUPPLEMENTARY INFORMATION

CITY OF BREAUx BRIDGE, LOUISIANA

Justice Reporting Schedule - Receiving Entity
 As Required by Act 87 of the 2020 Regular Legislative Session
 Cash Basis Presentation
 June 30, 2023

First Six Month Period Ended 12/31/22	Second Six Month Period Ended 06/30/23
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Receipts From: *(Must include one agency name and one collection type - see below - on each line and may require multiple lines for the same agency. Additional rows may be added as necessary.)*

<i>Breaux Bridge City Court - Criminal Fines - Other</i>	\$21,220.00	\$21,050.00
<i>Breaux Bridge City Court - Criminal Court Costs/Fees</i>	\$329.00	\$559.00
Subtotal Receipts	\$21,549.00	\$21,609.00

Ending Balance of Amounts Assessed but Not Received *(only applies to those agencies that assess on behalf of themselves, such as courts)*

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Collection Types to be used in the "Receipts From:" section above
Civil Fees
Bond Fees
Asset Forfeiture/Sale
Pre-Trial Diversion Program Fees
Criminal Court Costs/Fees
Criminal Fines - Contempt
Criminal Fines - Other
Restitution
Probation/Parole/Supervision Fees
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)
Interest Earnings on Collected Balances
Other <i>(do not include collections that fit into more specific categories above)</i>

OTHER INFORMATION

CITY OF BREAUX BRIDGE, LOUISIANA
Enterprise Fund
Utility Fund

Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Charges for services -			
Utility sales	\$ 2,648,289	\$ 2,704,086	\$ 55,797
Installation and reconnection charges	94,434	147,046	52,612
Miscellaneous	<u>168,974</u>	<u>134,528</u>	<u>(34,446)</u>
Total operating revenues	<u>2,911,697</u>	<u>2,985,660</u>	<u>73,963</u>
 Operating expenses:			
Direct expenses	2,256,744	2,569,392	(312,648)
Allocated expenses	<u>1,106,760</u>	<u>747,493</u>	<u>359,267</u>
Total operating expenses	<u>3,363,504</u>	<u>3,316,885</u>	<u>46,619</u>
 Operating income (loss)	<u>(451,807)</u>	<u>(331,225)</u>	<u>120,582</u>
 Nonoperating revenues (expenses):			
Interest on investments	35,372	43,920	8,548
Interest expense	(33,600)	(30,835)	2,765
Administrative expenses on bonds	(37,000)	(34,262)	2,738
Grants	115,674	1,105,027	989,353
Miscellaneous	<u>12,155</u>	<u>14,575</u>	<u>2,420</u>
Total nonoperating income (expense)	<u>92,601</u>	<u>1,098,425</u>	<u>1,005,824</u>
 Income (loss) before transfers	<u>(359,206)</u>	<u>767,200</u>	<u>1,126,406</u>
 Operating transfers in	2,742,377	2,742,377	-
Operating transfers out	<u>-</u>	<u>(59,001)</u>	<u>(59,001)</u>
 Total operating transfers	<u>2,742,377</u>	<u>2,683,376</u>	<u>(59,001)</u>
 Net income	2,383,171	3,450,576	1,067,405
 Net position, beginning of year	<u>9,378,364</u>	<u>9,378,364</u>	<u>-</u>
 Net position, end of year	<u>\$ 11,761,535</u>	<u>\$ 12,828,940</u>	<u>\$ 1,067,405</u>

<u>Water System</u>	<u>Sewerage System</u>
\$ 1,487,713	\$ 1,216,373
80,901	66,145
<u>74,014</u>	<u>60,514</u>
<u>1,642,628</u>	<u>1,343,032</u>
1,480,107	1,089,285
<u>584,960</u>	<u>162,533</u>
<u>2,065,067</u>	<u>1,251,818</u>
<u>\$ (422,439)</u>	<u>\$ 91,214</u>

**COMPLIANCE
INTERNAL CONTROL
AND
OTHER INFORMATION**

Champagne & Company, LLC

Certified Public Accountants

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

The Honorable Ricky Calais, Mayor
and Members of the Board of Aldermen
City of Breaux Bridge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the primary government financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Breaux Bridge, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Breaux Bridge, Louisiana's basic primary government financial statements and have issued our report thereon dated October 23, 2023. The report on the City was adverse because the financial statements do not include financial data of the component units of the City. The financial statements of the omitted component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these omitted component units.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material

misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, questioned costs, and management's corrective action plan as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Breaux Bridge, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Breaux Bridge, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings, questioned costs, and management's corrective action plan. The City of Breaux Bridge, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

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

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 23, 2023

Champagne & Company, LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Ricky Calais, Mayor
and Members of the Board of Aldermen
City of Breaux Bridge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Breaux Bridge, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Breaux Bridge, Louisiana's major federal programs for the year ended June 30, 2023. The City of Breaux Bridge, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings, questioned costs and management's corrective action plan.

In our opinion, the City of Breaux Bridge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Breaux Bridge and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that

the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Breaux Bridge's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Breaux Bridge's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Breaux Bridge's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Breaux Bridge's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Breaux Bridge's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Breaux Bridge's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Breaux Bridge's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 23, 2023

CITY OF BREAUX BRIDGE
Breaux Bridge, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Identifying Number</u>	<u>Expenditures</u>
<u>United States Department of Homeland Security</u>			
Passed through Louisiana Office of Homeland Security and Emergency Preparedness - Disaster Grants - Public Assistance	97.036	**	\$ 313
<u>United States Department of Justice</u>			
Patrick Leahy Bullet Proof Vest Program	16.607	N/A	962
Passed through Louisiana Commission on Law Enforcement - Edward Byrne Memorial Justice Assistance Grant Program - Criminal Justice Technology - Less than \$10K	16.738	2020-DJ-01-6523	5,374
Total United States Department of Justice			6,336
<u>United States Department of the Treasury</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	783,071
<u>United States Department of Transportation</u>			
Passed through Louisiana Highway Safety Commission			
State and Community Highway Safety - High Visibility Traffic Safety Enforcement	20.600	**	660
State and Community Highway Safety - Overtime Traffic Safety Enforcement	20.600	**	125
Total United States Department of Transportation			785
Total			\$ 790,505

NOTE: There were no amounts provided to subrecipients from any of the federal programs.

** - Not readily accessible

N/A - Not applicable

The accompanying notes are an integral part of this schedule.

CITY OF BREAUX BRIDGE
Breaux Bridge, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Breaux Bridge (the City). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements for the year ended June 30, 2023.

(3) Indirect cost rate

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

CITY OF BREAUX BRIDGE
Breux Bridge, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan
For the Year Ended June 30, 2023

Part I: Summary of Auditors' Results:

1. An adverse opinion was issued on the aggregate discretely presented component units because the financial statements do not include financial data of the legally separate component units. Unmodified opinions were issued on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.
2. Material weaknesses in internal control were disclosed by the audit of the financial statements.
3. Material noncompliance was not disclosed.
4. No material weaknesses or significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
5. An unmodified opinion was issued on compliance for the major programs.
6. The audit disclosed no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The major program was:
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (21.027)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

2023-001 Inadequate Segregation of Accounting Functions; Year Initially Occurred—Unknown

Condition and Criteria: The City did not have adequate segregation of functions within the accounting system.

Effect: This condition represents a material weakness in the internal control of the City.

Cause: The condition resulted because of the small number of employees in the accounting department.

(continued)

CITY OF BREAUX BRIDGE
Breaux Bridge, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2023

Recommendation: No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan: Mr. Ricky Calais, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2023-002 – Inadequate Controls Over Financial Statement Preparation; Year Initially Occurred – June 30, 2016

Condition and Criteria: The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Effect: This condition represents a material weakness in the internal control of the City.

Cause: The condition resulted because City personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation: The City should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Management's Corrective Action Plan: Mr. Ricky Calais, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

2023-003 – Override of Controls over Cash Collections within the Police Department; Year initially occurred – June 30, 2023

Condition and Criteria: The prior Police Department administration allowed cash collections to occur between 2016 and 2022. These collections should not have occurred because doing so violated City administration policy. In addition, City administration was unaware of these collections taking place.

Effect: This condition represents an override of internal controls of the City. This override represents a material weakness in the internal controls of the City.

(continued)

CITY OF BREAUX BRIDGE
Breaux Bridge, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2023

Cause: The condition resulted because employee(s) within the police department collected cash, which was against policy set forth by City administration. The amount of cash collections on site totaled \$23,235. These cash collections occurred between 2016 and 2022.

Recommendation: The Police Department Administration should adhere to the City Administration's policy which prohibits cash collections within the police department. In addition, The City should determine the proper method of disbursing the cash collections of \$23,235.

Management Corrective Action Plan: Upon being notified of the cash collections on site, Ricky Calais, Mayor, immediately requested additional procedures be performed, by the City auditors, on the cash collections to determine any inadequate processes or potential fraud / misappropriation. In addition, this matter was reported to the St. Martin Parish Sheriff, the local District Attorney's office, and the Legislative Auditor. The Police Department Administration is expected to and is adhering to the City Administration's policy which prohibits cash collections within the police department. The City will work with local law enforcement agencies as well as the District Attorney and/or District Courts, where applicable, to determine how the funds should be distributed.

Part III: Findings and questioned costs for Federal awards in accordance with 2 CFR Section 200 of the Uniform Guidance;

There are no findings at June 30, 2023

Part IV: Management Letter Item;

There are no items reported at June 30, 2023.

CITY OF BREAUX BRIDGE
Breux Bridge, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Section I: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

2022-001 – Inadequate Segregation of Accounting Functions

Finding: The City did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 2023-001

2022-002 -- Inadequate Controls Over Financial Statement Preparation

Finding: The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 2023-002

2022-003 – Noncompliance with Louisiana Local Government Budget Act

Finding: Louisiana Revised Statute (LSA-R.S.) 39: 1301-1315, known as the Local Government Budget Act, requires that the budget be amended when actual revenues and other sources plus projected revenues and other sources are failing to meet budgeted revenues and other sources by five percent or more. The City's revenues and other sources of the General Fund failed to meet budgeted revenues by approximately 11.8%.

Status: Resolved.

Section II: Findings and questioned costs for Federal awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

There were no findings at June 30, 2022.

Section III: Management Letter Items:

There were no items reported at June 30, 2022.



Ricky Calais, Mayor
rcalais@breauxbridgela.net

City of Breaux Bridge
101 Berard Street Suite A
Breaux Bridge, Louisiana 70517
P: 337.332.2171 • F: 337.332.6023
www.BreauxBridgeLA.net

October 23, 2023

Champagne & Co., LLC
113 East Bridge Street
Breaux Bridge, LA 70517

The City of Breaux Bridge respectfully submits the following corrective action plan for the year ended June 30, 2023.

Independent public accounting firm:

Champagne & Co., LLC
113 East Bridge Street
Breaux Bridge, LA 70517

Audit period: Fiscal year ended June 30, 2023

The findings from the June 30, 2023 schedule of findings, questioned costs and management's corrective action plan are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Findings-Financial Statement Audit: Material Weaknesses

2023-001-Inadequate Segregation of Accounting Functions; Year Initially Occurred-Unknown

Recommendation: No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Action Taken: Mr. Ricky Calais, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2023-002-Inadequate Controls Over Financial Statement Preparation; Year Initially Occurred-June 30, 2016

Recommendation: The City should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Action Taken: Mr. Ricky Calais, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

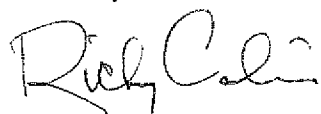
2023-003- Override of Controls over Cash Collections within the Police Department; Year initially occurred- June 30, 2023

Recommendation: The Police Department Administration should adhere to the City Administration's policy which prohibits cash collections within the police department. In addition, The City should determine the proper method of disbursing the cash collections of \$23,235.

Action Taken: Upon being notified of the cash collections on site, Ricky Calais, Mayor, immediately requested additional procedures be performed, by the City auditors, on the cash collections to determine any inadequate processes or potential fraud/misappropriation. In addition, this matter was reported to the St. Martin Parish Sheriff, the local District Attorney's office, and the Legislative Auditor. The Police Department Administration is expected to and is adhering to the City Administration's policy which prohibits cash collections within the police department. The City will work with local law enforcement agencies as well as the District Attorney and/or District Courts, where applicable, to determine how the funds should be distributed.

If there are any questions regarding this plan, please call Kristi LeBlanc, City Clerk, at 337-332-8309.

Sincerely,



Ricky J. Calais
Mayor

CITY OF BREAUX BRIDGE, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2023

Champagne & Company, LLC

Certified Public Accountants

Russell F. Champagne, CPA, CGMA*
Penny Angelle Scruggins, CPA, CGMA*

Shayne M. Breaux, CPA
Kaylee Champagne Frederick, CPA

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of the City of Breux Bridge and the Louisiana Legislative Auditor:

We 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, 2022 through June 30, 2023. The City of Breux Bridge's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions noted.
 - 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.

Written policies and procedures were obtained and do not address how vendors are added to the vendor list.

- iii. **Disbursements**, including processing, reviewing, and approving.
No exceptions noted.
- 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 procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Written policies and procedures were obtained and do not address management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
- 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.
No exceptions noted.
- 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.
No exceptions noted.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions noted.
- 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).
No exceptions noted.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
Written policies and procedures were obtained and do not address a system to monitor possible ethics violations and/or 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.
No exceptions noted.
- 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.
We performed the procedure and discussed the results with management.
- 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.

No exceptions noted.

2) Board or Finance Committee

- 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
- 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.

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

- 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.

The general fund did not have a negative ending unassigned fund balance in the prior year audit report; therefore, this step is not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Minutes of the meetings do not indicate written updates were provided to the board/finance committee of the progress of resolving audit finding(s) according to management's corrective action plan.

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 accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. Obtained bank statements and reconciliations for the main operating account and 4 additional accounts for one random month during the period.

- 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);

No exceptions noted.

- 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

Bank reconciliations tested did not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- 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.

Two of the five accounts tested did not have documentation of research of reconciling items that have been outstanding for more than 12 months from the statement closing date. The other 3 accounts did not have outstanding items greater than 12 months.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if 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:

Obtained a listing of collection locations for each deposit site and management's representation that the listing is complete. Obtained written policies and procedures relating to employee job duties.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- 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;

No exceptions noted.

- 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

No exceptions noted.

- 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 responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- 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). *Alternately, 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.

No exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

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

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).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

- B. For each location selected under #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

Obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

- 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;

No exceptions noted.

- 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

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearing house (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

- C. For each location selected under #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:

Obtained the entity's non-payroll disbursement transaction population and management's representation that the population is complete.

- 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

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained 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 names of the persons who maintained possession of the cards and obtained 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

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe 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.

No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

Obtained 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.

- 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);

One of the five reimbursements had approved reimbursement with per diem rates higher than the rates established by the State of Louisiana.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- iii. Observe 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

No exceptions noted.

- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, 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

Obtained 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 and management's representation that the listing is complete.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
No exceptions noted.
- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
No exceptions noted.
- 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
No exceptions noted.
- 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.
No exceptions noted.

9) *Payroll and Personnel*

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- 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 officials' 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.

No exceptions noted.

- 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.

No exceptions noted.

10) Ethics

- 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

No exceptions noted.

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

The City of Breaux Bridge did not make changes to the ethics policy during the fiscal period therefore, this step was not applicable.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

No exceptions noted.

- 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).

No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

The City of Breaux Bridge did not have misappropriations of public funds and assets during the fiscal period therefore, this step is not applicable.

- 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.

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, (c) was encrypted.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

- 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).

No exceptions noted.

- 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:

No exceptions noted.

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions noted.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions noted.

- v. Amount of time it took to resolve each complaint.

No exceptions noted.

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

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

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

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 23, 2023

Management's Response to Statewide Agreed-upon Procedures

For the Year Ended June 30, 2023

City of Breaux Bridge

Management Response to Item:

Item:	Response:
1A-ii., 1A-iv., 1A-ix.	Management will update its policies and procedures to address missing criteria.
2A-iv.	Minutes of the meetings will begin to reference progress of resolving audit finding(s) according to management's corrective action plan to the board/finance committee until the findings are considered fully resolved.
3A-ii., 3A-iii.	A member of management who does not handle cash, post ledgers, or issue checks will review each bank reconciliation and include evidence of such. The employee responsible for bank reconciliations will have documentation to support research of reconciling items that have been outstanding for more than 12 months from the statement closing date.
7A-i	The City of Breaux Bridge will modify its reimbursement per diem rates to match those rates established by the State of Louisiana.