

CITY OF BREAUX BRIDGE, LOUISIANA

Financial Report

Year Ended June 30, 2019

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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 Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require 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. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units would have been presented as \$329,922, \$38,096, \$292,425, \$2,871, \$72,722, \$224,704, and \$212,024 respectively.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, 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, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Breaux Bridge, Louisiana, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 50 through 55 be presented to supplement the basic financial statements. Such 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. 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.

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The other supplementary information section is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2109, 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 25, 2019

BASIC FINANCIAL STATEMENTS

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

CITY OF BREAUX BRIDGE

Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 2,674,145	\$ 1,913,132	\$ 4,587,277
Receivables, net	412,553	373,397	785,950
Internal balances	202,930	(202,930)	-
Due from other governmental units	81,786	-	81,786
Prepaid items	94,837	70,115	164,952
Total current assets	<u>3,466,251</u>	<u>2,153,714</u>	<u>5,619,965</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	254,589	251,073	505,662
Capital assets, net	10,809,936	10,855,865	21,665,801
Total noncurrent assets	<u>11,064,525</u>	<u>11,106,938</u>	<u>22,171,463</u>
Total assets	<u>14,530,776</u>	<u>13,260,652</u>	<u>27,791,428</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>758,603</u>	<u>-</u>	<u>758,603</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	713,136	236,799	949,935
Note payable	750,000	2,121,775	2,871,775
Total current liabilities	<u>1,463,136</u>	<u>2,358,574</u>	<u>3,821,710</u>
Noncurrent liabilities:			
Customers' deposits payable	-	251,046	251,046
Note payable	2,620,000	-	2,620,000
Net pension liability	1,542,908	-	1,542,908
Total noncurrent liabilities	<u>4,162,908</u>	<u>251,046</u>	<u>4,413,954</u>
Total liabilities	<u>5,626,044</u>	<u>2,609,620</u>	<u>8,235,664</u>
DEFERRED INFLOWS OF RESOURCES	<u>98,655</u>	<u>-</u>	<u>98,655</u>
NET POSITION			
Net investment in capital assets	7,439,936	8,734,090	16,174,026
Restricted for debt service	254,589	27	254,616
Unrestricted	1,870,155	1,916,915	3,787,070
Total net position	<u>\$ 9,564,680</u>	<u>\$ 10,651,032</u>	<u>\$ 20,215,712</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Activities
For the Year Ended June 30, 2019

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	\$ 1,785,604	\$ 504,953	\$ -	\$ 430,402	\$ (850,249)	\$ -	\$ (850,249)
Public safety:							
Police	2,725,188	85,958	-	-	(2,639,230)	-	(2,639,230)
Streets	1,881,241	-	-	-	(1,881,241)	-	(1,881,241)
Sanitation	528,020	687,322	-	-	159,302	-	159,302
Parks and recreation	366,382	-	-	-	(366,382)	-	(366,382)
Interest on long-term debt	102,669	-	-	-	(102,669)	-	(102,669)
Total governmental activities	7,389,104	1,278,233	-	430,402	(5,680,469)	-	(5,680,469)
Business-type activities:							
Water	1,887,614	1,646,872	-	-	-	(240,742)	(240,742)
Sewer	729,570	966,367	-	-	-	236,797	236,797
Interest on long-term debt	6,203	-	-	-	-	(6,203)	(6,203)
Total business-type activities	2,623,387	2,613,239	-	-	-	(10,148)	(10,148)
Total	\$ 10,012,491	\$ 3,891,472	\$ -	\$ 430,402	(5,680,469)	(10,148)	(5,690,617)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					298,773	-	298,773
Sales and use taxes, levied for general purposes					3,336,196	-	3,336,196
Franchise taxes					513,198	-	513,198
Grants and contributions not restricted to specific programs -							
State and local sources					581,320	-	581,320
Interest and investment earnings					-	25,731	25,731
Miscellaneous					257,591	40,769	298,360
Transfers					1,025,000	(1,025,000)	-
Total general revenues and transfers					6,012,078	(958,500)	5,053,578
Change in net position					331,609	(968,648)	(637,039)
Net position - July 1, 2018					9,233,071	11,619,680	20,852,751
Net position - June 30, 2019					\$ 9,564,680	\$ 10,651,032	\$ 20,215,712

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 Fund

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.

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 of Breaux Bridge. 50% of these taxes shall be used annually for the municipality's operating budget as approved by the adoption of an ordinance of the governing authority of the municipality, by at two-thirds vote. The remaining 50% of these taxes shall be expended on new construction of infrastructure within the municipality or substantial improvements of existing infrastructure within the municipality according to a Master Plan for the Construction of Municipal Infrastructure.

Capital Projects Fund

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 Fund -

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

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 collection.

NONMAJOR FUNDS

Four Capital Projects Funds 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, 2019

	General	Sales Tax Special Revenue	District Sales Tax Special Revenue	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and interest-bearing deposits	\$ 388,424	\$ 79,409	\$ 748,097	\$ 1,121,985	\$ 590,819	\$ 2,928,734
Receivables:						
Taxes and licenses	136,835	223,704	52,014	-	-	412,553
Due from other governmental units	81,786	-	-	-	-	81,786
Due from other funds	202,930	-	-	-	-	202,930
Prepaid items	94,837	-	-	-	-	94,837
Total assets	<u>\$ 904,812</u>	<u>\$ 303,113</u>	<u>\$ 800,111</u>	<u>\$ 1,121,985</u>	<u>\$ 590,819</u>	<u>\$ 3,720,840</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenditures	\$ 388,338	\$ 901	\$ -	\$ 215,775	\$ 83,398	\$ 688,412
Total liabilities	<u>388,338</u>	<u>901</u>	<u>-</u>	<u>215,775</u>	<u>83,398</u>	<u>688,412</u>
Fund balances -						
Nonspendable	94,837	-	-	-	-	94,837
Restricted	-	302,212	800,111	906,210	507,421	2,515,954
Unassigned	421,637	-	-	-	-	421,637
Total fund balances	<u>516,474</u>	<u>302,212</u>	<u>800,111</u>	<u>906,210</u>	<u>507,421</u>	<u>3,032,428</u>
Total liabilities and fund balances	<u>\$ 904,812</u>	<u>\$ 303,113</u>	<u>\$ 800,111</u>	<u>\$ 1,121,985</u>	<u>\$ 590,819</u>	<u>\$ 3,720,840</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, 2019

Total fund balances for governmental funds at June 30, 2019 \$ 3,032,428

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	\$ 472,382	
Construction in progress	2,249,585	
Buildings and improvements, net of \$1,491,782 accumulated depreciation	2,944,864	
Equipment and vehicles, net of \$2,743,991 accumulated depreciation	1,287,457	
Infrastructure, net of \$4,230,528 accumulated depreciation	<u>3,855,648</u>	\$ 10,809,936

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

Pension plan		758,603
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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:

Notes payable and underlying accrued interest	(3,394,724)	
Net pension liability	<u>(1,542,908)</u>	
		(4,937,632)

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

Pension plan	<u>(98,655)</u>	
		<u>6,532,252</u>

Total net position of governmental activities at June 30, 2019 \$ 9,564,680

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, 2019

	General	Sales Tax Special Revenue	District Sales Tax Special Revenue	Capital Projects Fund	Nonmajor Funds	Total
Revenues:						
Taxes	\$ 811,971	\$2,523,187	\$ 813,009	\$ -	\$ -	\$4,148,167
Licenses and permits	504,953	-	-	-	-	504,953
Grants (federal and state)	-	-	-	-	430,402	430,402
Intergovernmental	581,320	-	-	-	-	581,320
Charges for services	687,322	-	-	-	-	687,322
Fines and forfeits	85,958	-	-	-	-	85,958
Miscellaneous	221,576	-	-	-	-	221,576
Total revenues	<u>2,893,100</u>	<u>2,523,187</u>	<u>813,009</u>	<u>-</u>	<u>430,402</u>	<u>6,659,698</u>
Expenditures:						
Current -						
General government	1,540,987	46,911	13,312	-	-	1,601,210
Streets and bridges	1,378,452	-	-	-	-	1,378,452
Sanitation	528,020	-	-	-	-	528,020
Public safety -police	2,494,944	-	-	-	-	2,494,944
Culture and recreation	299,245	-	-	-	-	299,245
Debt service	-	-	-	-	827,669	827,669
Capital outlay	216,295	-	-	1,487,630	1,132,012	2,835,937
Total expenditures	<u>6,457,943</u>	<u>46,911</u>	<u>13,312</u>	<u>1,487,630</u>	<u>1,959,681</u>	<u>9,965,477</u>
Excess (deficiency) of revenues over expenditures	<u>(3,564,843)</u>	<u>2,476,276</u>	<u>799,697</u>	<u>(1,487,630)</u>	<u>(1,529,279)</u>	<u>(3,305,779)</u>
Other financing sources (uses):						
Operating transfers in	3,700,000	-	-	553,075	830,057	5,083,132
Operating transfers out	<u>(146,515)</u>	<u>(2,632,101)</u>	<u>(1,279,516)</u>	<u>-</u>	<u>-</u>	<u>(4,058,132)</u>
Total other financing sources (uses)	<u>3,553,485</u>	<u>(2,632,101)</u>	<u>(1,279,516)</u>	<u>553,075</u>	<u>830,057</u>	<u>1,025,000</u>
Net changes in fund balances	(11,358)	(155,825)	(479,819)	(934,555)	(699,222)	(2,280,779)
Fund balances, beginning	<u>527,832</u>	<u>458,037</u>	<u>1,279,930</u>	<u>1,840,765</u>	<u>1,206,643</u>	<u>5,313,207</u>
Fund balances, ending	<u>\$ 516,474</u>	<u>\$ 302,212</u>	<u>\$ 800,111</u>	<u>\$ 906,210</u>	<u>\$ 507,421</u>	<u>\$ 3,032,428</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, 2019

Total net changes in fund balances at June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ (2,280,779)
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		\$2,835,937	
Depreciation expense for the year ended June 30, 2019		<u>(833,236)</u>	2,002,701
Expenses not requiring the use of current financial resources and, therefore, not reported as expenditures in the governmental funds:			
Net change in note payable			725,000
Net change in net pension liability and related deferrals			<u>(115,313)</u>
Total changes in net position at June 30, 2019 per Statement of Activities			\$ <u>331,609</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Net Position
 Proprietary Fund
 June 30, 2019

ASSETS

Current assets:

Cash and interest-bearing deposits	\$ 1,913,132
Receivables:	
Accounts	373,397
Prepaid items	70,115
Total current assets	<u>2,356,644</u>

Noncurrent assets:

Restricted assets -

Cash and interest-bearing deposits	251,073
Capital assets, net of accumulated depreciation	<u>10,855,865</u>
Total noncurrent assets	<u>11,106,938</u>

Total assets	<u>13,463,582</u>
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DEFERRED OUTFLOWS OF RESOURCES

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LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	236,799
Due to other funds	202,930
Revenue bonds payable	2,121,775
Customers' deposits	251,046
Total liabilities	<u>2,812,550</u>

DEFERRED INFLOWS OF RESOURCES

NET POSITION

Net investment in capital assets	8,734,090
Restricted for debt service	27
Unrestricted	<u>1,916,915</u>
Total net position	<u>\$ 10,651,032</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, 2019

Operating revenues:	
Charges for services	\$ 2,464,371
Miscellaneous	<u>148,868</u>
Total operating revenues	<u>2,613,239</u>
Operating expenses:	
Repairs and maintenance	437,552
Salaries	479,877
Depreciation	655,449
Other operating expenses	<u>1,044,306</u>
Total operating expenses	<u>2,617,184</u>
Operating loss	<u>(3,945)</u>
Nonoperating revenues (expenses):	
Interest on investments	25,731
Interest expense	(6,203)
Miscellaneous	<u>40,769</u>
Total nonoperating revenue	<u>60,297</u>
Income before transfers	<u>56,352</u>
Operating transfers in	1,075,000
Operating transfers out	<u>(2,100,000)</u>
Total operating transfers	<u>(1,025,000)</u>
Change in net position	(968,648)
Net position, beginning	<u>11,619,680</u>
Net position, ending	<u>\$ 10,651,032</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, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 2,638,072
Payments to suppliers	(1,370,891)
Payments to employees	<u>(479,877)</u>
Net cash provided by operating activities	<u>787,304</u>
Cash flows from noncapital financing activities:	
Cash received from others	40,769
Operating transfers out to other funds	<u>(1,022,944)</u>
Net cash used by noncapital financing activities	<u>(982,175)</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(60,000)
Interest paid on revenue bonds	(6,203)
Proceeds from revenue bonds	1,615,025
Acquisition of capital assets	<u>(2,083,497)</u>
Net cash used by capital and related financing activities	<u>(534,675)</u>
Cash flows from investing activities:	
Interest on investments and interest-bearing deposits	<u>25,731</u>
Net decrease in cash and cash equivalents	(703,815)
Cash and cash equivalents, beginning of period	<u>2,868,020</u>
Cash and cash equivalents, end of period	<u>\$ 2,164,205</u>

(continued)

CITY OF BREAUX BRIDGE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2019

Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (3,945)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	655,449
Changes in current assets and liabilities:	
Decrease in accounts receivable	18,174
Increase in prepaid items	(7,690)
Increase in accounts payable and accrued liabilities	<u>125,316</u>
Total adjustments	<u>791,249</u>
Net cash provided by operating activities	<u>\$ 787,304</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	\$ 2,645,940
Cash - restricted	<u>222,080</u>
Total cash and cash equivalents	<u>2,868,020</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	1,913,132
Cash - restricted	<u>251,073</u>
Total cash and cash equivalents	<u>2,164,205</u>
Net decrease	<u>\$ (703,815)</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, 2019

ASSETS

Cash	\$ 449
Total assets	<u>\$ 449</u>

LIABILITIES

Due to others	\$ 449
Total liabilities	<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 2019.

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.

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 of Breaux Bridge. 50% of these taxes shall be used annually for the

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

municipality's operating budget as approved by the adoption of an ordinance of the governing authority of the municipality, by a two-thirds vote. The remaining 50% of these taxes shall be expended on new construction of infrastructure within the municipality or substantial improvements of existing infrastructure within the municipality according to a Master Plan for the Construction of Municipal Infrastructure.

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 Fund –

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

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:

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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2019. One handles payments on the 2008 Certificate of Indebtedness and the 2010 Street Improvement Bonds. 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. It is also used to account for repayment of \$1,000,000 street improvement bonds, Series 2010, which is due in annual installments, plus interest, until maturity in 2020. The second handles repayment of \$1,000,000 limited tax bonds Series 2010, which is due in annual installments, plus interest, until maturity in 2020. It is also used to account for 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.

Fiduciary Fund Type -

Bond Fee Fund (Agency Fund) -

The bond fee fund 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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 (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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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." 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, 2019.

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.

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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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. 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.

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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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, 2019, fund balances are composed of the following:

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>District Sales Tax Special Revenue</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Nonspendable						
Prepaid items	\$ 94,837	\$ -	\$ -	\$ -	\$ -	\$ 94,837
Restricted:						
Sales taxes	-	302,212	800,111	-	-	1,102,323
Construction	-	-	-	906,210	252,832	1,159,042
Debt service	-	-	-	-	254,589	254,589
Unassigned	<u>421,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,637</u>
Total fund balances	<u>\$516,474</u>	<u>\$ 302,212</u>	<u>\$ 800,111</u>	<u>\$ 906,210</u>	<u>\$507,421</u>	<u>\$ 3,032,428</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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Capitalization of Interest Expense

It is not the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets.

F. 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.

(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, 2019, the City has cash and interest-bearing deposits (book balances) totaling \$5,093,388 of which \$449 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, 2019, are as follows:

Bank Balances	<u>\$ 5,378,031</u>
At June 30, 2019 the deposits are secured as follows:	
Federal deposit insurance	\$ 250,000
Pledged securities	<u>5,128,031</u>
Total	<u>\$ 5,378,031</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$5,128,031 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.

(3) Receivables

Receivables at June 30, 2019 of \$785,950 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 634,167	\$ 634,167
Allowance	-	-	(260,770)	(260,770)
Taxes:				
Sales tax	-	275,718	-	275,718
Property tax	26,102	-	-	26,102
Allowance	(21,747)	-	-	(21,747)
Franchise tax	121,832	-	-	121,832
Fines, licenses, etc.	10,648	-	-	10,648
Totals	<u>\$ 136,835</u>	<u>\$ 275,718</u>	<u>\$ 373,397</u>	<u>\$ 785,950</u>

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2019 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for May and June 2019.	\$ 61,515
Amount due from the Department of Motor Vehicles for fees for May and June 2019.	14,589
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2019.	<u>5,682</u>
	<u>\$ 81,786</u>

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/18	Additions	Deletions	Balance 06/30/19
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 472,382	\$ -	\$ -	\$ 472,382
Construction in progress	2,880,471	1,424,564	(2,055,450)	2,249,585
Capital assets being depreciated:				
Building and improvements	3,340,342	1,096,304	-	4,436,646
Equipment and vehicles	4,081,364	23,073	(72,989)	4,031,448
Infrastructure	5,738,730	2,347,446	-	8,086,176
Totals	<u>16,513,289</u>	<u>4,891,387</u>	<u>(2,128,439)</u>	<u>19,276,237</u>
Less accumulated depreciation:				
Building and improvements	1,387,153	104,629	-	1,491,782
Equipment and vehicles	2,560,236	256,744	(72,989)	2,743,991
Infrastructure	3,758,665	471,863	-	4,230,528
Total accumulated depreciation	<u>7,706,054</u>	<u>833,236</u>	<u>(72,989)</u>	<u>8,466,301</u>
Governmental activities, capital assets, net	<u>\$ 8,807,235</u>	<u>\$ 4,058,151</u>	<u>\$ (2,055,450)</u>	<u>\$ 10,809,936</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 150,200	\$ -	\$ -	\$ 150,200
Construction in progress	538,393	741,962	(496,087)	784,268
Capital assets being depreciated:				
Plant and equipment - water system	9,124,815	154,843	-	9,279,658
Plant and equipment - sewer system	10,591,004	1,603,128	-	12,194,132
Autos and office equipment	827,652	79,651	(34,019)	873,284
Totals	<u>21,232,064</u>	<u>2,579,584</u>	<u>(530,106)</u>	<u>23,281,542</u>
Less accumulated depreciation:				
Plant and equipment - water system	5,300,006	271,689	-	5,571,695
Plant and equipment - sewer system	5,903,490	318,456	-	6,221,946
Autos and office equipment	600,751	65,304	(34,019)	632,036
Total accumulated depreciation	<u>11,804,247</u>	<u>655,449</u>	<u>(34,019)</u>	<u>12,425,677</u>
Business-type activities, capital assets, net	<u>\$ 9,427,817</u>	<u>\$ 1,924,135</u>	<u>\$ (496,087)</u>	<u>\$ 10,855,865</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 184,394
Police	78,916
Streets	502,789
Park and recreation	<u>67,137</u>
Total depreciation expense	<u>\$ 833,236</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2019:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 397,385	\$ 159,803	\$ 557,188
Sales tax	-	1,305	1,305
Accrued payroll	54,481	6,901	61,382
Payroll withholdings	14,997	2,579	17,576
Contracts payable	-	18,806	18,806
Retainage payable	95,096	47,405	142,501
Contingent liabilities	126,453	-	126,453
Accrued interest payable	<u>24,724</u>	<u>-</u>	<u>24,724</u>
Totals	<u>\$ 713,136</u>	<u>\$ 236,799</u>	<u>\$ 949,935</u>

(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, 2019. 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, 2018	\$ 4,095,000	\$ 566,750	\$ 4,661,750
Debt assumed	-	1,615,025	1,615,025
Debt retired	<u>(725,000)</u>	<u>(60,000)</u>	<u>(785,000)</u>
Long-term debt at June 30, 2019	<u>\$ 3,370,000</u>	<u>\$ 2,121,775</u>	<u>\$ 5,491,775</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2019 is comprised of the following:

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. \$ 1,015,000

\$1,000,000 Certificate of Indebtedness, Series 2010, due in annual installments of \$85,000 to \$120,000; from June 1, 2011 to June 1, 2020; interest rate of 3.34 percent; payable from general revenues of the City. \$ 120,000

Limited tax bonds

\$1,000,000 Limited Tax Bonds, Series 2010, due in annual installments of \$85,000 to \$120,000; from March 1, 2011 to March 1, 2020; interest rate of 3.25 percent; payable from property tax revenues of the City. \$ 120,000

\$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. \$ 145,000

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. \$ 1,970,000

\$8,000,000 Utilities Revenue Bonds, Series 2017, due in annual installments of \$365,000 to \$437,000; 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. \$ 2,121,775

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,871,775	\$ 82,527	\$ 2,954,302
2021	535,000	61,576	596,576
2022	555,000	47,886	602,886
2023	570,000	33,745	603,745
2024	310,000	19,153	329,153
2025-2026	650,000	15,921	665,921
Totals	\$ 5,491,775	\$ 260,808	\$ 5,752,583

The Utilities Revenue Bonds were not received in a lump sum. Instead, the funds are being drawn on an as needed basis. Until all funds have been drawn and the work is complete, no final maturity date or repayment schedule is available; however, debt repayments have been made in the fiscal year ending June 30, 2019. There are several projects that will be covered by these funds. The projected completion date on these projects is Fall of 2021. The entire balance is considered to be short-term.

(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, 2016, a new law was passed to rededicate these monies as follows:

- 50% for the municipality's annual operating budget as approved by the adoption of an ordinance of the governing authority of the municipality, by a two-thirds vote.
- 50% for new construction of infrastructure within the municipality or substantial improvements of existing infrastructure within the municipality according to a Master Plan for the Construction of Municipal Infrastructure.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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	2019	\$ 1,526,332	\$ 120,540	\$ 1,887,614	\$ (240,742)
Sewerage system	2019	\$ 895,635	\$ 70,732	\$ 729,570	\$ 236,797

At June 30, 2019, the City was furnishing utility service to the following number of customers:

Water customers	3,148
Sewer customers	2,885

(10) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2019:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 202,930	\$ -
Enterprise Fund:		
Utility Fund	-	202,930
Total	<u>\$ 202,930</u>	<u>\$ 202,930</u>

Garbage fees were not yet paid at year-end, causing the balance as noted above. These balances are expected to be paid within the next fiscal year.

CITY OF BREAUX BRIDGE, LOUISIANA
Notes to Basic Financial Statements (Continued)

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2019:

	Interfund Transfers In	Interfund Transfers Out
Major Funds:		
Governmental Funds:		
General Fund	\$ 3,700,000	\$ 146,515
Sales Tax Special Revenue Fund	-	2,632,101
District Sales Tax Special Revenue Fund	-	1,279,516
Capital Projects Fund	553,075	-
Enterprise Fund:		
Utility Fund	1,075,000	2,100,000
Non-major Funds	830,057	-
Total	\$ 6,158,132	\$ 6,158,132

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 of public works, and funding payment of the bonds.

(11) Ad Valorem Taxes

For the year ended June 30, 2019, taxes of 4.49 mills were levied on property with assessed valuations totaling \$66,418,975 and were dedicated as follows:

General corporate purposes	4.49 mills
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Total taxes levied were \$298,222 of which \$26,102 had not been collected at June 30, 2019. 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.

(12) Restricted Assets - Utility Fund

Restricted assets were composed of savings accounts at June 30, 2019 and were restricted as follows:

Customers' deposits	<u>\$ 251,073</u>
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CITY OF BREAUX BRIDGE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(13) Compensation of City Officials

A detail of compensation paid to City officials for the year ended June 30, 2019 follows:

Ricky Calais, Mayor	<u>\$ 67,500</u>
 Aldermen:	
Howard Alexander (through 01/07/2019)	\$ 5,100
Glenn Michael Angelle (through 01/07/2019)	5,100
Scotty Borel (beginning 01/08/2019)	5,100
Ryan Breaux (beginning 01/08/2019)	5,100
Brenda Castille Hobbs (through 01/07/2019)	5,100
Eddy LeBlanc	10,200
Ernest Ledet	10,200
Neil Melancon (beginning 01/08/2019)	<u>5,100</u>
 Total	 <u>\$ 51,000</u>
 Corando Cantu	 <u>\$ 61,803</u>
 Randy Angelle, Judge	 <u>\$ 6,600</u>
 Jerry Frederick, City Marshal	 <u>\$ 20,188</u>

(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.

(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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) On-behalf Payments

The City recognized \$119,151 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 \$126,453 is a reasonable estimate of potential liability related to some of the claims filed. Accordingly, \$126,453 has been accrued at June 30, 2019 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 \$146,305.

(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, 2019.

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>

(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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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 1/2%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of 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.

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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Initial benefit option plan:

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

Employer contributions:

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

For the year ended June 30, 2018, total contributions due for employers and employees were as follows:

	<u>Contribution Rates</u>		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Members hired prior to 1/1/2013	10.00%	30.75%	40.75%
Hazardous duty members hired after 1/1/2013	10.00%	30.75%	40.75%
Non Hazardous duty members hired after 1/1/2013	8.00%	30.75%	38.75%
Members whose earnable compensation is less than the poverty guidelines	7.50%	33.25%	40.75%

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, 2018 and excluded from pension expense. The City recognized \$36,015 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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2018 as compared to the total of all employers' contributions to the System for during the year ended June 30, 2018.

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

At June 30, 2019, the City reported a liability of \$1,542,908 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the City's proportion was 0.182505%, which was an increase of 0.058425% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$331,767 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$368.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 6,955	\$ 78,846
Changes of assumptions	100,828	-
Net difference between projected and actual earnings on pension plan investments	73,964	-
Change in proportion and differences between employer contributions and proportionate share of contributions	396,785	19,809
Employer contributions subsequent to the measurement date	<u>180,071</u>	<u>-</u>
Total	<u>\$ 758,603</u>	<u>\$ 98,655</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$180,071 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
6/30/2020	\$ 212,177
6/30/2021	194,320
6/30/2022	70,693
6/30/2023	2,687

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.

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, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. 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, 2018 are as follows:

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.2%, net of investment expense	
Expected Remaining Service lives	2018 - 4 years 2017 - 4 years 2016 - 4 years 2015 - 4 years	
Inflation Rate	2.60%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Tables set back 5 years for males and set back 3 years for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</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, 2009 through June 30, 2014 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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality 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, 2018 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	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternative	20.00%	1.07%
Other	6.00%	0.17%
Totals	<u>100.00%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.03%</u>

Discount rate:

The discount rate used to measure the total pension liability was 7.20%. 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 7.20%, 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 (6.20%) or one percentage point higher (8.20%) than the current rate as of June 30, 2018.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Decrease
	6.20%	7.20%	8.20%
Employer's Proportionate share of Net Pension Liability	\$ 2,168,213	\$ 1,542,908	\$ 1,018,302

Change in net pension liability:

The changes in the net pension liability for the year ended June 30, 2018 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 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. The difference between expected and actual experience resulted in deferred outflow of resources in the amount of \$6,955 and deferred inflow of resources in the amount of \$78,846 for the year ended June 30, 2019.
- 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 \$100,828 for the year ended June 30, 2019.
- 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 \$73,964 for the year ended June 30, 2019.
- 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 a 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 \$396,785 and a deferred inflow of resources in the amount of \$19,809 for the year ended June 30, 2019.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2018. 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.

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) New Accounting Pronouncement

In January of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of the Statement must be implemented by the City of Breaux Bridge for the year ending June 30, 2020. The effect of implementation on the City of Breaux Bridge's financial statements has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 787,900	\$ 804,770	\$ 811,971	\$ 7,201
Licenses and permits	502,000	342,708	504,953	162,245
Intergovernmental	605,680	573,312	581,320	8,008
Charges for services	915,000	683,196	687,322	4,126
Fines - City Court	122,000	81,411	85,958	4,547
Miscellaneous	137,800	152,806	221,576	68,770
Total revenues	<u>3,070,380</u>	<u>2,638,203</u>	<u>2,893,100</u>	<u>254,897</u>
Expenditures:				
General government	1,723,007	1,576,440	1,540,987	35,453
Streets and bridges	1,258,350	1,405,007	1,378,452	26,555
Sanitation	915,000	683,396	528,020	155,376
Public safety - Police	2,360,353	2,484,290	2,494,944	(10,654)
Culture and recreation	331,850	304,467	299,245	5,222
Capital outlay	293,000	248,595	216,295	32,300
Total expenditures	<u>6,881,560</u>	<u>6,702,195</u>	<u>6,457,943</u>	<u>244,252</u>
Deficiency of revenues over expenditures	<u>(3,811,180)</u>	<u>(4,063,992)</u>	<u>(3,564,843)</u>	<u>499,149</u>
Other financing sources: (uses):				
Transfer from Sales Tax Fund	1,600,000	1,600,000	1,600,000	-
Transfer from Utility Fund	2,100,000	2,200,000	2,100,000	(100,000)
Transfer to Series 2010 Debt Service Fund	(146,516)	(146,515)	(146,515)	-
Total other financing sources	<u>3,553,484</u>	<u>3,653,485</u>	<u>3,553,485</u>	<u>(100,000)</u>
Net change in fund balances	(257,696)	(410,507)	(11,358)	399,149
Fund balance, beginning	<u>258,525</u>	<u>527,832</u>	<u>527,832</u>	<u>-</u>
Fund balance, ending	<u>\$ 829</u>	<u>\$ 117,325</u>	<u>\$ 516,474</u>	<u>\$ 399,149</u>

CITY OF BREAUX BRIDGE
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,546,000	\$ 2,529,999	\$ 2,523,187	\$ (6,812)
Total revenues	2,546,000	2,529,999	2,523,187	(6,812)
Expenditures:				
General government:				
Collection fees	35,000	37,854	41,313	(3,459)
Computer expense	1,000	674	712	(38)
Miscellaneous	500	-	-	-
Legal and professional fees	6,000	6,201	4,886	1,315
Total expenditures	42,500	44,729	46,911	(2,182)
Excess of revenues over expenditures	2,503,500	2,485,270	2,476,276	(8,994)
Other financing sources (uses):				
Transfer to General Fund	(1,350,000)	(1,350,000)	(1,350,000)	-
Transfer to Utility Fund	(900,000)	(900,000)	(900,000)	-
Transfer to 2008 Debt Service	(381,949)	(381,949)	(382,101)	(152)
Total other financing uses	(2,631,949)	(2,631,949)	(2,632,101)	(152)
Net change in fund balances	(128,449)	(146,679)	(155,825)	(9,146)
Fund balance, beginning	484,953	458,037	458,037	-
Fund balance, ending	\$ 356,504	\$ 311,358	\$ 302,212	\$ (9,146)

CITY OF BREAUX BRIDGE
District Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 846,000	\$ 833,792	\$ 813,009	\$ (20,783)
Total revenues	<u>846,000</u>	<u>833,792</u>	<u>813,009</u>	<u>(20,783)</u>
Expenditures:				
General government:				
Collection fees	12,000	12,488	13,312	(824)
Total expenditures	<u>12,000</u>	<u>12,488</u>	<u>13,312</u>	<u>(824)</u>
Excess of revenues over expenditures	<u>834,000</u>	<u>821,304</u>	<u>799,697</u>	<u>(21,607)</u>
Other financing sources (uses):				
Transfer to General Fund	(250,000)	(250,000)	(250,000)	-
Transfer to Utility Fund	(175,000)	(175,000)	(175,000)	-
Transfer to Capital Projects	(553,075)	(703,075)	(553,075)	150,000
Transfer to 2015 Debt Service	<u>(301,442)</u>	<u>(301,442)</u>	<u>(301,441)</u>	<u>1</u>
Total other financing uses	<u>(1,279,517)</u>	<u>(1,429,517)</u>	<u>(1,279,516)</u>	<u>150,001</u>
Net change in fund balances	(445,517)	(608,213)	(479,819)	128,394
Fund balance, beginning	<u>1,271,561</u>	<u>1,279,930</u>	<u>1,279,930</u>	<u>-</u>
Fund balance, ending	<u>\$ 826,044</u>	<u>\$ 671,717</u>	<u>\$ 800,111</u>	<u>\$ 128,394</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2019

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	205.2%	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%

* 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.

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2019

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
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%

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

(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.

(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.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BREAUX BRIDGE, LOUISIANA
Enterprise Fund
Utility Fund

Statement of Revenues, Expenses and Changes in Retained Earnings
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating revenues:			
Charges for services -			
Utility sales	\$ 2,392,699	\$ 2,421,967	\$ 29,268
Installation and reconnection charges	20,564	42,404	21,840
Miscellaneous	<u>155,666</u>	<u>148,868</u>	<u>(6,798)</u>
Total operating revenues	<u>2,568,929</u>	<u>2,613,239</u>	<u>44,310</u>
 Operating expenses:			
Direct expenses	1,764,180	1,994,616	(230,436)
Allocated expenses	<u>985,089</u>	<u>622,568</u>	<u>362,521</u>
Total operating expenses	<u>2,749,269</u>	<u>2,617,184</u>	<u>132,085</u>
 Operating income (loss)	<u>(180,340)</u>	<u>(3,945)</u>	<u>176,395</u>
 Nonoperating revenues (expenses):			
Interest on investments	27,021	25,731	(1,290)
Interest expense	(14,500)	(6,203)	8,297
Miscellaneous	<u>40,974</u>	<u>40,769</u>	<u>(205)</u>
Total nonoperating revenue	<u>53,495</u>	<u>60,297</u>	<u>6,802</u>
 Income before transfers	<u>(126,845)</u>	<u>56,352</u>	<u>183,197</u>
 Operating transfers in	1,075,000	1,075,000	-
Operating transfers out	<u>(2,200,000)</u>	<u>(2,100,000)</u>	<u>100,000</u>
Total operating transfers	<u>(1,125,000)</u>	<u>(1,025,000)</u>	<u>100,000</u>
 Net loss	(1,251,845)	(968,648)	283,197
 Retained earnings, beginning of year	<u>11,619,680</u>	<u>11,619,680</u>	<u>-</u>
 Retained earnings, end of year	<u>\$ 10,367,835</u>	<u>\$ 10,651,032</u>	<u>\$ 283,197</u>

<u>Water System</u>	<u>Sewerage System</u>
\$ 1,526,332	\$ 895,635
26,723	15,681
<u>93,817</u>	<u>55,051</u>
<u>1,646,872</u>	<u>966,367</u>
1,381,553	613,063
<u>506,061</u>	<u>116,507</u>
<u>1,887,614</u>	<u>729,570</u>
<u>\$ (240,742)</u>	<u>\$ 236,797</u>

**COMPLIANCE
INTERNAL CONTROL
AND
OTHER INFORMATION**

Champagne & Company, LLC

Certified Public Accountants

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Penny Angelle Scruggins, CPA, CGMA*

Shayne M. Breaux, CPA
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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 Breux 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 Breux Bridge, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Breux Bridge, Louisiana's basic primary government financial statements and have issued our report thereon dated October 25, 2019. 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Breux Bridge, Louisiana's internal control over financial reporting (internal control) to determine the 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 Breux Bridge, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Breux 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 have not been 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 2019-001 and 2019-002 to be material weaknesses.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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

The City of Breaux Bridge, Louisiana's response to the findings identified in our audit is 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 it.

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 25, 2109

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

We have audited the City of Breaux Bridge, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Breaux Bridge, Louisiana's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Breaux Bridge, Louisiana 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, 2019.

Report on Internal Control over Compliance

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

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

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

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 25, 2019

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

(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, Louisiana (the City). The City's reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 2019. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The major program is identified with an asterisk (*) on the schedule.

(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, 2019.

(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, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>Pass-through Identifying Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>United States Department of Housing and Urban Development:</u>			
Passed through Louisiana Office of Community Development - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2000288228	14.228	\$ 430,402
<u>United States Environmental Protection Agency:</u>			
Passed through Louisiana Department of Environmental Quality Office of Management and Finance - Capitalization Grants for Clean Water State Revolving Funds *	CS-221381-02	66.458	<u>398,059</u>
Total			<u>\$ 828,461</u>

*Denotes major federal program.

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Findings, Questioned Costs, and
Management's Corrective Action Plan
Year Ended June 30, 2019

Part I: Summary of Auditors' Results:

1. An unmodified opinion was issued on the primary government financial statements, and an adverse opinion was issued on the aggregate discretely presented component units.
2. There were two material weaknesses disclosed by the audit of the financial statements.
3. There were no instances of material noncompliance disclosed.
4. No material weaknesses or significant deficiencies in internal control over the major program were disclosed by the audit of the financial statements.
5. An unmodified opinion was issued on compliance for the major program.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The major program was:
66.458 – U.S. Environmental Protection Agency: Capitalization Grants for Clean Water State Revolving Funds
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:

2019-001 – 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.

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

(continued)

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Findings, Questioned Costs, and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2019

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.

2019-002 – 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.

Part III: Findings and questioned costs for Federal awards which include audit findings as defined by Uniform Guidance (2 CFR 200.516 (a)):

There are no findings that are required to be reported under the above guidance.

Part IV: Management Letter Item:

There are no management letter items at June 30, 2019.

CITY OF BREAUX BRIDGE, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

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

2018-001 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the City did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 2019-001.

2018-002 – 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 2019-002.

Section II: Findings and questioned costs for Federal awards which include audit findings as defined in Section 501(a) of Uniform Guidance:

There were no findings mentioned under this section at June 30, 2018.

Section III: Management Letter Items

There were no findings mentioned under this section at June 30, 2018.



Ricky Calais, Mayor
rcalais@breauxbridgela.net

City of Breaux Bridge
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October 25, 2019

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, 2019.

Independent public accounting firm:

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

Audit period: Fiscal year ended June 30, 2019

The findings from the June 30, 2019 schedule of findings and questioned costs is discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit: Material Weaknesses

2019-001-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.

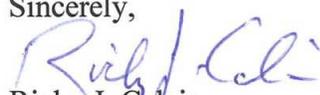
2019-002-Inadequate Controls Over Financial Statement Preparation; Year Initially Occurred-June 30, 2016

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.

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, 2019

Champagne & Company, LLC

Certified Public Accountants

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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of City of Breaux Bridge and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The City of Breaux Bridge's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

Written policies and procedures were not tested at June 30, 2019 (Year 3) due to the fact they were not tested in prior year (Year 2). However, since the disaster recovery policy is new in Year 3, this policy was tested. See k) below.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-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).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.

No exceptions noted.

Board or Finance Committee

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

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-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.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

- 3. Obtain a listing of client 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:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Obtained bank statements and reconciliations for February 2019, noting no evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/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

Obtained bank statements and reconciliations for February 2019, noting no evidence of management/board member review for any of the 5 bank reconciliations tested.

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

No exceptions noted

Collections (excluding EFTs)

- 4. 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).

Collections procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions in the prior year (Year 2).

- 5. 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, 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:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

8. 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).

Non-Payroll Disbursements procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions in the prior year (Year 2).

9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 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:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

Credit Cards/Debit Cards/Fuel Cards/P-Cards procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions in the prior year (Year 2).

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that 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) was reviewed and approved, in writing by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

14. 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, 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:

Travel and Travel related expense reimbursements procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. 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 or general ledger is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Contracts procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) 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.

Payroll and Personnel

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

No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and;

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/official's cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/official's personnel files.

No termination payments made during the fiscal year, therefore, not applicable.

19. Obtain management's representation that employer and employee portion of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that two retirement contribution payments were paid past the deadline. All other items were paid timely and forms were filed by deadlines.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Ethics procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Debt Service procedures were not tested at June 30, 2019 (Year 3) due to the fact that they were not tested in the prior year (Year 2).

22. 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.

Other

23. 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.

Other procedures were not tested at June 30, 2019 (Year 3) due to the fact that there were no exceptions in the prior year (Year 2).

24. 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.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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 25, 2019

CITY OF BREAUX BRIDGE, LOUISIANA
BreauX Bridge, Louisiana

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

<u>Item:</u>	<u>Response:</u>
3a, 3b	Management will begin reviewing, initialing, and dating bank reconciliations when completed to provide evidence of preparation within 2 months of the related statement closing date. Management will consider a process for reviewing bank reconciliations and noting such in writing.
19	Payroll clerk will ensure that all future retirement contribution amounts are paid timely.